DOCUMENT RESUME

ED 184 390 HE 012 373

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TITLE Syllabi for the Teaching of Management Ethics.
INSTITUTION Society for Values in Higher Education, New Haven, Conn.
PUB DATE Dec 79
NOTE 227p.: A publication of the Summer Institute on Ethical Issues in the Management of Public and Private Institutions.
AVAILABLE FROM Society for Values in Higher Education, 363 St. Ronan Street, New Haven, CT 06511 ($3.00)

EDRS PRICE MF01/PC10 Plus Postage.
DESCRIPTORS Administrators: Business: *College Administration: Course Descriptions: Curriculum Guides: *Ethical Instruction: *Ethics: Graduate Study: *Higher Education: Inservice Education: Institutes (Training Programs): *Management Development: *Professional Continuing Education: Seminars: Summer Programs: Undergraduate Study: Units of Study
IDENTIFIERS *Management Personnel Development

ABSTRACT

Stemming from the Society for Values in Higher Education's project designed to examine the problems of management ethics, the following five syllabi focus on improving the teaching of ethics to persons preparing for careers in corporate and public management. Designed for use in public and private institutions, the syllabi are modeled to be adaptable to various teaching contexts and needs. Ethics and Business: A Course Model Taught as Philosophy 271 (Kenneth Goodpaster, Notre Dame) is designed for undergraduates and introduces some basic categories of philosophical ethics and their application. Ethical Issues in Business: A Course Model Taught on Philosophy 253 (Thomas Donaldson, Loyola University, Chicago) is an undergraduate course focusing on central concepts in ethics as they apply to managerial decisions. An Exploration in the Values of Management and Organizations: A Suggested Course Outline (David D. Dill, University of North Carolina, Chapel Hill) is designed for graduate programs in business, administration, social work, and similar graduate professional programs for managers. Business Ethics--A Suggested Model for a Six-Week Course (William M. May, University of Southern California, Los Angeles) is a short course designed for practicing managers. The 1979 Summer Institute on Ethical Issues in the Management of Public and Private Institutions is a second summer institute design for a mix of academics and practicing managers. Specific reading lists are included. (LC)

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The Society for Values

in Higher Education

ED184390

SYLLABI for the Teaching of Management Ethics

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HE 012 373

A publication of the Summer Institute on Ethical Issues in the Management of Public and Private Institutions

1978 SUMMER INSTITUTE

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SYLLABI FOR THE TEACHING OF MANAGEMENT ETHICS

A Publication of the
Summer Institute on Ethical Issues in the
Management of Public and Private Institutions

The Society for Values in Higher Education
December 1979

Library of Congress Cataloging in Publication Data

Main entry under title:

Syllabi for the Teaching of Management Ethics.

(Syllabi - The Society for Values in Higher Education)

Institute organized by the Society for Values in Higher Education and the Yale School of Organization and Management.

Library of Congress Catalog Card Number = 79-92845

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Copies of these working materials may be obtained at the cost of $3.00/copy from the:

Society for Values in Higher Education
363 St. Ronan Street
New Haven, CT 06511

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PREFACE

In 1978 the Society for Values in Higher Education initiated a major project designed to bring its tradition of critical, engaged, and constructive inquiry to bear upon problems of management ethics. Under the leadership of Charles Powers, Vice-President for Public Policy of Cummins Engine Company, and in cooperation with the Yale School of Organization and Management, the project was planned by Fellows of the Society in the disciplines of ethics, public policy, and management.

The first phase of the project focused upon the challenge of improving the teaching of ethics to persons preparing for careers in corporate and public management. The central activity, the Summer Institute on Ethical Issues in the Management of Public and Private Institutions, brought together practicing managers and teachers of business, public policy, and ethics to discuss substantive issues, with a goal of improving teaching. The 1978 Institute was designed to examine and experiment with alternative ways to enter into ethical reflection. Building upon those results, the 1979 session considered a range of ethical concepts common to many areas of public and private management.

The Society intends to continue the project in 1980 and 1981 by further exploration into the conceptual foundations of management ethics and research on how

managers and institutions do and could incorporate ethics into institutional practices and strategies.

The following model syllabi and bibliographies represent the first in a series of materials which will emerge from the project. The publication at this point and in this form is intended to emphasize their usefulness as working documents for both teachers of management and of ethics. They suggest sound pedagogical options and provide rich bibliographical suggestions in a rapidly developing teaching area.

The Society for Values in Higher Education expresses its thanks to the authors of the papers, the convenors and participants in the 1978 and 1979 Summer Institutes, and the Yale School of Organization and Management, the Institute host in 1978-79. We also take this occasion to acknowledge and thank the foundations and corporations who have supported this project: the A T & T Company, General Telephone and Electronics Corporation, National Cash Register Corporation, and the Allied Chemical, Cummins Engine, Ford, Levi Strauss, Rockefeller, and Scovill foundations. We also thank the Spring Hill Center for partially subsidizing our follow-up conference.

October 1979
New Haven, Connecticut

David C. Smith
Executive Director

INTRODUCTION

The first four of the following syllabi were prepared in response to the request of participants at the 1978 Summer Institute on Ethical Issues in the Management of Public and Private Institutions for models that would be adaptable to various teaching contexts and would stimulate thinking about teaching methods and materials. They were presented for discussion and comment at a project conference at the Spring Hill Center, Wayzata, Minnesota in May 1979, and have been subsequently revised and edited.

The fifth document has been included at the suggestion of the conference participants and is the description and syllabus for the 1979 Summer Institute as it was conducted in July of 1979.

The Syllabi

I. Ethics and Business: A Course Model Taught as Philosophy 271, prepared by Kenneth Goodpaster, University of Notre Dame*

Designed for undergraduates, "Ethics and Business" introduces some basic categories of philosophical ethics and explores their usefulness in examining organizational analogues to individual moral responsibility. Readings in ethics and corporate responsibility are

combined with lectures, discussions, role simulations, and case analyses.

II. Ethical Issues in Business: A Course Model Taught as Philosophy 253, prepared by Thomas Donaldson, Loyola University of Chicago*

An undergraduate course, "Ethical Issues in Business" focuses on central concepts in ethics as they apply to problems of managerial and public policy decisions. After an introduction to philosophical ethics, the course pattern is to examine a case study along with articles representing competing points of view about the issue. Materials include both classical and contemporary writings in ethics and in corporate responsibility, and cases range from problems of individual conscience to competing systems of socio-economic organization.

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*That both undergraduate syllabi were prepared at religious institutions is coincidental. The courses are confessionally indeterminate and rest upon assumptions about rational moral knowledge independent from explicit religious foundations. It is the exercise of critical intelligence which is fostered by these courses. The full development of such intelligence, linked to a secure moral character, is a crucial goal of undergraduate education in general--the offering of courses such as the ones presented here symbolizes that goal.

III. An Exploration in the Values of Management and Organizations: A Suggested Course Outline, prepared by David D. Dill, University of North Carolina, Chapel Hill

This course is designed for graduate programs in business, public administration, educational administration, social work, and similar graduate professional programs for managers. The central focus is descriptive analysis of the values implicit in organizational contexts -- what justifies the organization's existence, what processes are crucial to its survival, and how individual needs are meshed with organizational needs? Materials include a description of a hypothetical organization, organizational and management literature, and field studies by students.

IV. Business Ethics - A Suggested Model for a Six Week Course, prepared by William M. May, University of Southern California, Los Angeles

This short course is designed for practicing managers who have limited time for preparation or seminar sessions. After a brief introduction to ethics, the series focuses upon obstacles to ethical management decisions and possibilities for overcoming such obstacles. Extensive use is made of case materials, with one in depth case providing continuity throughout

the sessions.

V. 1979 Summer Institute on Ethical Issues in the Management of Public and Private Institutions, prepared by the Institute Staff, the Society for Values in Higher Education, and the Yale School of Organization and Management

The second summer Institute, designed for a mix of academics and practicing managers, began with an introduction to ethics for managers and to management for ethicists. Five working groups then focused upon particular problem-clusters in management ethics, coming together subsequently to analyze a complex case study with the aim of integrating the work of the five groups. A wide variety of materials and cases were used by the ten staff members.

Pedagogical Issues

Although each syllabus is designed for a particular audience, some of the courses are readily available to different levels, and particular aspects of each might well be combined and adapted to new purposes. Therefore, it may be helpful to highlight briefly some central pedagogical issues which differentiate the five approaches.

1. Central Focus

Each course has a formative concept which integrates the whole and provides a theme or method which might be pursued with different readings, cases, and the like. Goodpaster (I) centers his course around the argument that organizations are distinctive sorts of moral agents, to whom certain concepts of personal moral responsibility ought to apply. Traditional ethical categories and contemporary arguments about corporate responsibility are elucidated through their contribution to this understanding of morality in formal organizations. Thus, a constructive argument for how we ought to understand organizational responsibility forms the entire course. Dill (III) likewise focuses on organizations as distinctive, morally relevant entities, but his course pursues a more descriptive

analytical approach. Here, the aim is not to conceptualize the organization as moral agent, but to understand the organization as a system and context with built-in purposes, pressures, and assumptions about values. Once again, the basic purpose of the course unites the disparate reading and case material, with the goal of improving students' ability to perceive and analyze the values implicit and operative in given organizations.

The differences and similarities between syllabi I and III point to two general issues involved in designing management ethics courses. First, to what degree should the course present normative, constructive arguments as opposed to a more descriptive analysis? Goodpaster offers a normative approach, though only regarding the central concept. He does not emphasize or argue for particular conceptions of, say, justice and honesty, for his purpose is to establish the very relevance of these conceptions to organizations. Dill, as noted, elects a completely descriptive approach. Second, is the focus upon decision-skills and the decision process or upon "pre-decision" understanding? While this distinction need not

lead to mutually exclusive pedagogical options, it is instructive that both courses focusing upon organizations examine structures, conceptualizations, and operative values rather than the managerial decision itself. The clear intention in both courses is to develop conceptual skills essential to good decision-making.

In contrast to syllabi I and III, courses II, IV, and V deal more directly with individual managerial decision-making, although organizational questions are not ignored. Donaldson (II) organizes his course around crucial ethical concepts and problems, following a topical outline. Central to his approach is not the topic--as organizations are central in I and III--but the process by which students confront and resolve ethical dilemmas. Although Donaldson disavows any normative thrust by the instructor, his purpose is to foster the capacity for normative judgment in students. It is this, and not the management decision process itself, at which syllabus II aims.

In syllabus IV, May organizes course sessions directly around the management decision process. The central case and others introduced at specific points provide real models of decision-making

which course participants can simulate, analyze, and seek to improve. While participants are enabled to develop their own views, the issues selected do reflect certain normative commitments evident throughout the course.

Finally, syllabus V incorporates a basic focus upon the decision process with attention to organizational issues in some working groups. The organizing principle of this Institute is the decision process itself: the introduction to ethics and management is done through case materials which raise the complexity of managerial decisions; the working groups seek to order the complexity around important concepts; and the concluding case study provides an opportunity for integrating this ordering process back into a complex managerial decision. The design incorporates a normative commitment to ethical managerial judgment and enables working group leaders to present their own normative framework without imposing one model or "ethic" upon participants.

The five syllabi thus offer a wide range of choices in focusing management ethics courses. The degree to which normative commitments of the instructor enter into course content varies

considerably. The particular organizing principle of each course is distinctive, and the focus upon "pre-decision" factors or the decision process varies uniquely with each one.

2. Introducing Ethics

Another major pedagogical question is how to incorporate materials in ethics into management ethics courses. What is the appropriate "dosage" and method of "innoculation" for those unfamiliar with the literature and concepts of ethics? Several viable options are evident in the five syllabi. Goodpaster (I) and Donaldson (II) both rely upon straightforward introduction of major concepts and issues in ethical theory, but their methods differ. Following some introductory material, Goodpaster incorporates ethics into the treatment of corporations as moral agents--categories of moral responsibility and agency are salient rather than normative concepts like justice or liberty. In contrast, Donaldson's method keeps normative ethical concepts at the center of attention throughout.

Dill (III) and May (IV) provide two alternative approaches to bringing ethics materials into the discussion. Dill's descriptive analysis of organizational values approaches ethics indirectly. Instead of introducing ethics as a mode of

thinking and set of normative issues, this course lays the basis for such an introduction by focusing more empirically on existing values in organizations. May provides a brief introduction to ethics, but relies mainly upon an inductive approach to encountering ethical concepts and moral reasoning. Relevant material from ethics can contribute to case and issue analysis as required.

By virtue of the multiple staff, syllabus V represents a combination of these ways to introduce ethics. The overall design relies upon straight forward treatment of ethics in both the introduction and the working group topics, but the focus upon the decision-making process and the use of cases encourages the flexible, inductive appearance of ethical concepts noted in May's syllabus. Furthermore, elements of some working group outlines embody the more descriptive, indirect approach characteristic of Dill's course suggestion.

3. Cases

Every teaching venture touching upon managerial decisions confronts the issue of using case studies. In ethics courses, the arguments about their value generally sort out around two viewpoints: (1) case studies provide essential exposure to real

decision-making processes and (2) case studies risk premature focusing on limited problems, thus undercutting essential ethical reflection. The syllabi presented here make use of cases in different ways, with the cases centrally important to the design of syllabi II and IV, less central but important in III and V, and least crucial but still helpful in I. No definitive conclusions about case use were agreed upon by conference participants, but two points seem to be safely borne out by experience:

- cases are useful in some way for ethics courses
- the importance and mode of case teaching depends very much upon the teacher's confidence and ability in working with cases

Certainly much work is yet to be done in creating cases appropriate for management ethics, in exploring their usefulness, and in fostering teaching facility with case material.

Toward a Model Curriculum

The 1978 Institute provided an important general assessment of pedagogical points of entry, and the 1979 session added valuable experience in the use of concepts important to the ethical training of managers.

We welcome reports and comments from Institute participants and others about their experience in teaching courses or units based upon the following models, as well as their recommendations of other successful materials and approaches.

At the same time, we are concerned with clarifying and articulating a curricular philosophy that will provide the basis for a variety of sound course offerings. As the result of the expansion and refinement of specific course models and bibliography, and the simultaneous development of persuasive statements on the general purposes, goals, and concepts required in the teaching of management ethics, we envision a more extensive, critical compendium of materials.

Such a conpenduim will provide a conceptual framework for assessing the various materials and resources available. I am in the process of preparing such a document to be reviewed by Institute convenors and consultants and, subsequently, to be circulated as the next paper in this series of Institute publications.

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on Ethical Issues in the Management
of Public and Private Institutions

Columbus, Indiana
November 1979

I. ETHICS AND BUSINESS

A Course Model Taught as Philosophy 271 at the Univsity of Notre Dame

Professor Kenneth Goodpaster, Instructor

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I. Introduction and Background

After completing graduate studies at the University of Michigan with concentrations in ethical-theory, logic, and epistemology, I joined the philosophy faculty at the University of Notre Dame. Early in this period, I also became associated with Notre Dame's Philosophic Institute (directed by Professor Kenneth M. Sayre) which was at the time embarking on a new orientation for research: values and decision-making in the energy sector. The inter-disciplinary team which evolved during several months of discussion included philosophers, theologians, engineers, lawyers, economists, and sociologists. Under a generous three-year grant from the National Science Foundation (1972), the team set out to understand the way in which ethical values played a role in the decision-making processes of two large midwestern utilities. The areas of decision-making focused on were: (1) need for power and expansion of production; (2) choice of fuel-type in expansions: oil, gas, coal, nuclear, etc.; and (3) siting of power generating facilities. We set out to understand how the acceleration of energy use is related to the pressures and values at work at the power company level in our society's energy cycle. The results of this study are available in Values in the Electric Power Industry,

edited by K.M. Sayre (University of Notre Dame Press, 1977). Also, a second volume of specifically philosophical reflections by leading scholars in ethics has just been published by the same press: Ethics and Problems of the 21st Century, edited by K.E. Goodpaster and K.M. Sayre.

Methodologically, the study broke new ground by the elaboration of what was called "ethical diagnostics"--essentially the application of descriptive ethics to corporate or organizational "persons" (as distinguished from the individual persons whose decisions contribute to the larger whole). Assessment was then based on the confirmed corporate ethical profile. Values tests and intensive interviews with twenty-five upper management decision-makers in the companies under study provided the main empirical data. In addition, interviews with the staffs of regulatory agencies helped to clarify our perception of the constraints on decision-making.

The picture which emerged was in some ways alarming. An expansionist attitude, with a limited horizon of social and environmental concern for future generations, appeared to dominate industry decision-making. This growth posture, with its attendant emphasis on nuclear power, derives support from legal, economic, and ethical assumptions which, under scrutiny, turn out

to be weak. The substitution of energy conservation measures for accelerated production capacity seemed to be an unthinkable thought in a significant part of the decision structure.

The team concluded its study by elaborating implications and recommendations for change, citing the need for further inquiry into the regulatory dimension of power production.

This research, quite naturally, had curricular spin-offs. I introduced a course entitled "Environmental Ethics" at Notre Dame and eventually participated in the formation of the Joint University Committee on Business, Theology, and Philosophy. Efforts in many quarters to marry the concerns of religious and philosophical ethics to the processes of institutional decision-making began to flow together. A second course, "Ethics and Business," eventually emerged as a direct attempt to explore the philosophical underpinnings of talk about corporate conscience and moral responsibility.

There is more to the story, but in the interests of economy, perhaps enough has been said to provide an explanation for the distinctive "style" and emphasis which "Ethics and Business" will be seen to involve. The focus is on the corporate decision-making process itself, by contrast to approaches in which

the businessman as an individual moral agent is the central figure. Questions of right and wrong, good and bad, virtue and vice--the traditional deontic and aretaic concerns of ethics--are addressed primarily, though not exclusively, with the corporation-as-actor in mind. The actor in the corporation becomes only a part of the picture, and sometimes a less significant part than traditional ethical theory would find appealing. The behavior of the modern business corporation is construed as a function of two kinds of variables: individual variables and institutional variables (policies, organizational expectations and reward structures, information-gathering processes, etc.). The main task of the moral philosopher is described by the challenge which the modern organizational structure presents in its claim to be an "amoral" or purely "economically" rational agent. How is it possible to model the functions of morality in the individual on the level of the organization--to give (or reinforce) organizational conscience?

There are, of course, numerous other topics or themes which a study of Business Ethics might include: questions of private property, rights, capitalism and justice, regulatory reform, etc. In addition, a great deal can and should be said on the strictly individual level about moral dilemmas, conflicts of interest,

loyalty, honesty, and character formation. My main point is that the course description which follows represents a limited (though I would argue central) constellation of topics with which moral philosophers (and business scholars) might be able to deal.

The objectives of the course are conceptual, informational, and broadly normative. Conceptual skills of analysis, basic argumentation, and ethical classification are introduced and reinforced. The concept of a person is compared to the concept of an organization (with the able help of Plato's remarks on this topic in the Republic), and an effort is made to encourage the students to understand the basic vocabularies of logic, meta-ethics, and normative ethics.

Informational objectives are present in that both the history of the corporation and the model legal and economic environment of corporate decision-making is addressed--at least on a level sufficient for intelligent discussion of reforms, trade-offs, and case applications.

And the broadly normative objective is simply the desire to foster an awareness of the possibility and desirability of encouraging corporate virtue. A description of course objectives would be dishonest which did not lay certain cards on the table. The course is designed not simply to analyze and inform.

It is designed to defend and ultimately persuade action on the proposition that the modern corporation can and should take seriously in its decision-making structures such ideals as social justice, environmental protection, resource conservation, truth in communication, and respect for employees and consumers. The students are encouraged to believe that we should ask no more (and no less) of our economic institutions than we ask of ourselves as moral agents. The manner in which this normative component is presented is not indoctrinatory, but it is no less normative for that. That matters of "the right and the good" are not amenable to our rational faculties and must therefore be relegated to the parent or the pulpit is a conviction that most moral philosophers who have read beyond logical positivism have intelligently abandoned. We do well, I think, to reflect seriously on the observations of E. Delattre and W.J. Bennett ("Where the Values Movement Goes Wrong," Change, Feb. 1979):

> In the view of much of values education, it is good to be sensitive and tolerant, it is imperious to be judgmental. But in fact there is no polarity between judgment on the one hand and a reasoned sensitivity and tolerance on the other. Judgment is not bigotry; and indiscriminate sensitivity and tolerance may just be other terms for indifference.

II. Main Divisions of the Course

In this section, I shall describe briefly each of the main elements or units treated in the course in their actual order of presentation. The course is taught on a one-semester schedule (usually two seventy-five minute periods per week for fourteen weeks). Further details about student assignments, textual materials, etc. will be discussed later.

A. Orientation. The first week of the course is devoted to activities and discussions designed more to create an atmosphere of interest and cooperation than to address systematic themes. An ethics "game" entitled "Where Do You Draw the Line?" (AT&T, see citation later) serves to provoke discussion from a moral point of view about basic personal and business conduct. In addition, videotape resources are available which dramatize the history and operations of the modern corporation with both accuracy and humor. Overhead projections of Plato's methods in the Republic also serve to situate the course in a philosophical tradition and eventually help in the explanation of key concepts like "corporate moral responsibility" (treated later). By the end of the first week, students are usually more interested in and ready for systematic work, and they know each other from the

"game" interactions.

B. Elements of Philosophical Ethics. The next three weeks are spent elaborating and connecting certain standard topics in ethical theory with the central theme of the course. The main divisions of ethics (descriptive, normative, analytical) and subdivisions under the second of these (teleology; deontology; hedonism; utilitarianism; contractarianism; egoism) are explained. Ethical relativism as a threat to the enterprise of normative ethical inquiry is discussed under the heading "Can We Know Right from Wrong?" and elementary theses in metaethics are presented with pros and cons attached. The upshot is twofold: (1) we can know right from wrong if we postulate some sort of moral faculty or point of view which takes other persons seriously, and we can try to formulate coherent principles from such a point of view; (2) most of the machinery of moral philosophy as above set out was designed to be applied to the individual moral agent in contexts of practical decision-making; yet there is no reason why it must be applied only on this individual level. Perhaps the moral universe is peopled by more than individuals. If so, then the traditional tasks of the moral theorist need to be expanded . . . .

Next, the topic of ethical egoism is taken up,

together with reflection on its psychological underpinnings. The relevance of this topic derives from a strong and natural tendency (both in law and in ethics) to extend both our explanatory and our hortatory principles from the level of the individual agent to the level of the corporate agent. Psychological egoism about persons tends to support not only ethical egoism for persons but also "psychological" and ethical egoism on the level of organizational behavior. If egoism can be diffused on the level of the individual person, a much stronger case can also be made at the level of the organization. Self-interest (corporate or individual) may be necessary as a component of a coherent moral framework, but it is not sufficient. These ideas are elaborated more formally in what I call the principle of psychological projection, the principle of descriptive ethical projection, and the principle of moral projection.

In rough form, these three principles can be set out as follows:

(PPP) Other things being equal, it is appropriate and useful to apply to organizations of persons psychological predicates designed for description and explanation of the behavior of individual persons (e.g., goal, purpose, motive, development, rationality, etc.).

(PDP) Other things being equal, it is appropriate and useful to apply to organizations of persons descriptive ethical predicates designed for application to individual persons (e.g., egoistic, altruistic, teleological, deontological, hedonistic, etc.).

(PMP) Other things being equal, it is appropriate and useful to apply to organizations of persons normative ethical expectations designed for application to individual persons (e.g., moral responsibility, virtuous character, obligations of justice and beneficence, etc.).

The principles are defended by appeal to their explanatory power as well as by appeal to their social utility. Once rendered at least plausible, the principles generate a research program of considerable interest and magnitude: the tracing of functional analogues from the level of individual cognitive and affective states to the level of organizational performance.

This segment of the course is summarized and brought to a close with the reading of a useful monograph, Ethics in the Corporate Policy Process by McCoy, Jurgensmeyer and Twining. This serves as a very general outline of the "shape of a corporate ethic" which we hope later in the course to fill in with more detail. The authors of the monograph isolate three main branches or components which a comprehensive ethic for corporate policy should be expected to exhibit: (1) an ethic of corporate self-interest;

(2) an ethic of multiple responsibility; (3) an ethic of social vision. These components are discussed in relation to the standard categories of ethical theory and are then "tabled" for what will be a more specific analysis of their content in sections D and F of the course. In sum, a linkage has been forged between the central categories of ethical theory and the vocabulary of organization theory--at least on a general level. The stage is set for a step toward greater concreteness.

C. Interlude: Role Simulation. At this point, abstract considerations have taken their toll on the students, and the time seems ripe for a shift to more "experiential" techniques. Philosophers will no doubt find this hard to accept, but perhaps they (we) can get over it! A role simulation game provided by AT&T and entitled "Relocation" helps the students to visualize what it might mean for an organization to include or exclude moral considerations from its decision-making structure. Briefly, the class is divided into five-person executive teams, each faced with a decision regarding the future of Ace Manufacturing Corporation in North City, U.S.A. Staff reports are provided which help define the role of President and Vice-Presidents for Legal

Affairs, Finance, Personnel, and Public Relations. Each team, after an appropriate time for discussion, must come to a decision as to whether Ace, in its present financial stress, will remain in North City, relocate to Pine Hills (a suburb some 75 miles away), or move to a site in the Sun Belt. In the crucial debriefing of the team discussions, questions are raised such as : To what extent did the staff reports provide adequate data for the decision? To what extent did moral considerations enter into the discussion--who brought them in and how were they received? To what extent did your respective role-definitions encourage or preclude the introduction of such factors as (a) environmental protection, (b) concern for the problems of North City, (c) concern for minorities, (d) long-term effects of corporate relocations generally? The students tend to find the experience enlightening (and fun). They also begin to make certain connections between personal and organizational moral dilemmas which reinforce the philosophical discussions of the previous weeks.

D. Modelling Corporate Responsibility: Law and Morality. The next two weeks (four classes) are taken up with an intensive discussion of Christopher Stone's provocative book, Where the Law Ends: The Social

Control of Corporate Behavior. Tracing the history of the corporation and the history of the relationship between law and the corporation, Stone argues that the methods which our legal system has evolved in order to keep the modern corporation within socially responsible bounds have shown themselves to be inadequate. He proposes a number of reform measures aimed at changing the way the corporation "thinks"--by contrast to the standard "big stick" lawsuit strategy. Perhaps the most valuable part of the book, however, is the analysis provided in Part III of the cognitive processes which make up our ideal of the morally responsible individual. The students are presented with this analysis and are invited to construct organizational analogues for each of the components, e.g., reflectiveness, perception stamped with moral categories, consideration of significant alternatives, willingness to universalize or generalize in justifying one's behavior, consideration of short and long term effects, the use of a moral vocabulary, etc. Later in the course, this analysis will provide a useful "template" for systematic treatment of the case studies to be assigned.

E. The Organization and Character Formation. The next several classes are devoted to exploring the connections between corporate or organizational

ethics and the character of the individual. Michael Maccoby's bestseller, The Gamesman, is read and discussed. Maccoby's thesis, that the modern corporate "climber" (the gamesman) emerges through a process analogous to natural selection with qualities of "the head" developed and qualities of "the heart" underdeveloped, is presented as a dilemma in the quest for corporate responsibility. Students find The Gamesman intensely interesting, with its colorful-but-accurate managerial typecasting: The Jungle-Fighter, The Company Man, The Craftsman, and The Gamesman. Business ethics touches home when they are invited to reflect on the plausibility of Maccoby's diagnosis of the head/heart problem: the encouragement of "careerism" in colleges (as old as Plato's Republic) is seen playing itself out both in the life of the corporate executive and in the life of the organization for which he works. Christopher Stone and Michael Maccoby--for all the differences between their treatments of ethics and the corporation--touch deep themes which are surprisingly similar.

F. Transition to Cases. After a midterm examination and a midsemester break, a transition is made to concrete cases. Currently, The Corporate Role and Ethical Behavior: Concepts and Cases by Litschert and Nicholson is used for this purpose. Some time is

spent examining the various organizational "models" developed by the authors in the introductory part of the casebook, relating these models to Christopher Stone's work as well as to the categories of ethical theory discussed earlier in the course. The students then "take over" the class for about three weeks. Teams of four to six students each (teams which had been created and assigned to cases at the time of playing "Relocation") give presentations to the rest of the class. The presentations, which last about forty minutes each, are followed by class discussion. Each team has a chairperson, a case study, and a set of guidelines for analysis. Normally, each team meets outside of class three or four times to plan the case analysis presentation. I try to meet with each group once (if invited). Formats for the presentations are left to the creativity and imagination of the students (e.g., straight panel discussion, simulated courtroom scene, "Face the Nation" interview-discussion, etc.). Content, however, is controlled by the guidelines at least in that: (1) key factual circumstances of the case must be clearly set forth (sometimes visual aids are used); (2) Stone's "elements of moral responsibility" must be examined for their applicability, presence, and absence in the corporate behavior under

consideration; (3) some sort of overall assessment and, if possible, recommendations for change in corporate structure must be defended. The students respond to this challenge with enthusiasm--with the result that the last part of the course is usually considered to have been the most stimulating and "practical"--for a philosophy course! Frequently case analysis teams contact the corporations involved in their assigned cases, or relevant government agencies, and receive useful material (reports, updates, even films) for their presentations. Recent cases have included: Procter and Gamble and the Phosphate Controversy; Florida Power and Light Company and Nuclear Power Plant Construction; General Motors and the Lordstown Automation Experiment; Sterling Drug Company and Truth in Advertising; Pittston Coal Company and the Mine Disaster at Buffalo Creek. In the Spring 1979 semester, one team was allowed to write up its own case (a case not in the textbook) gathering facts about the Ford Pinto criminal liability suit.

G. Conclusion and Course Evaluations. The last few class periods are devoted to a general overview--reflecting back on the philosophical categories and principles discussed at the outset (in the context of the case studies just presented). Students hand in

term paper assignments (described below) and evaluate the course both orally and by means of anonymous questionnaires. A final examination is given.

III. Student Responsibilities

The "work load" for the course is considered by the students to be somewhat above average in quantity (a judgment in which I do not concur). In addition to the reading assignments which include Stone, Maccoby, the McCoy, et al. monograph, and the casebook, each student takes two examinations, participates in one case analysis panel, and does one (5-7 pp.) paper. The examinations are for the most part "short answer" or "multiple choice" in format (though there is an essay question at the end). Their function is primarily to test for content-recall of readings and lectures.

Topics for the term paper assignment are provided in the form of two or three alternative informal arguments. Students are to choose one of the arguments (see appendix) and respond to it reflectively and systematically. Guidelines are provided for the general structure of the paper, including a demand that the writer consider at least one likely objection to his/her thesis and deal with it.

Class attendance is not "enforced" by role-calls

or a special grade--though students are aware that examinations are more difficult if they are absent frequently.

IV. Texts and Study Guides

Books for the course, mentioned in passing above, are:

Maccoby, Michael. The Gamesman. New York: Simon and Schuster, 1976. (paperback edition)

McCoy, Jurgensmeyer, and Twining. Ethics in the Corporate Policy Process: An Introduction. Berkeley: Graduate Theological Union, 1975.

Litschert and Nicholson. The Corporate Role and Ethical Behavior: Concepts and Cases. New York: Van Nostrand Company, 1977.

Stone, Christopher. Where the Law Ends: The Social Control of Corporate Behavior. New York: Harper and Row, 1975. (paperback edition)

Optional background text on ethical theory:

Frankena, William. Ethics. 2nd ed. Englewood Cliffs, N.J.: Prentice-Hall, 1973.

Students are encouraged to purchase the Litschert and Nicholson casebook in groups of two or three, because of expense. The other texts are, since paperbound, more reasonably priced.

The two "ethics games" are available through the Bell Telephone System at no cost to the teacher.

They can be obtained by contacting Bell headquarters in one's state of residence. They can be purchased as well from Simile II, Inc., 218 Twelfth Street, P.O. Box 910, Del Mar, CA 92014. The titles are: "Where Do You Draw the Line?" and "Relocation: A Corporate Decision."

In addition to the texts for the course, regular "hand-outs" are provided in each of the main topical divisions: elements of philosophical ethics; ethical relativism; egoism, psychology and moral projection; toward a comprehensive corporate ethic; questions for study and discussion of Stone (two pages); and questions for study and discussion of Maccoby (one page).

Finally, "guideline" specifications are provided for case analysis panels and for term papers to add structure to assignments which might otherwise suffer significantly from vagueness or aimlessness. Samples of some of these hand-outs appear in the appendix to this syllabus.

V. Evaluation

A brief reflection on the strengths and weaknesses of the course, as the teacher perceives them, is perhaps the best way to draw such a course description to a close.

The course has been taught for four consecutive semesters at this writing, to eight classes of about thirty-five students each (two classes per semester). On the whole, it seems to have been successful--though of course measurement is notoriously difficult in such matters.

Probably the most serious weakness, though one which tends to decrease in seriousness as time goes on and the teacher becomes more familiar with the problems and vocabulary of business life, is the "gap" between philosophical theorizing and concrete case applications. Students sometimes have a hard time integrating talk about "teleological vs. deontological principles" with talk about marginal pricing and labor disputes. The early part of the course involves ideas which the students recognize and tolerate as "philosophical" while the case analyses at the end seem to invite less abstract skills. The ability to illustrate distinctions with examples from corporate life and the ability to discern in corporate life (through cases) philosophically interesting issues--both of these abilities are slow in coming to most of us, given limited experience, specialized education, and (frequently) minimal communication with persons outside our departments or colleges.

Another weakness stems from the current lack of

accessible philosophical literature on corporate ethics--material which is rare enough even in professional journals, let alone in a form which undergraduates would find easy or interesting. This problem is being solved over time, of course, as more is written with students in mind. Meanwhile, material from legal theory, psychology, and organization theory must often provide the main textual-philosophical input. Philosophical issues and assumptions must be drawn out.

Among the strengths of the course, I would list manageability, student involvement, and philosophical interest. By 'manageability' I mean that the theme of the course is relatively circumscribed and focused: the concept of corporate moral responsibility. This theme can be handled effectively, I believe, in the space of a single-semester exposure. Courses which attempt to handle virtually every philosophically relevant topic on the interface of ethics and business life are, I suspect, trying to do too much and will inevitably do too little because of it.

Student involvement is important. Simply taking lecture notes and passing examinations does not constitute the kind of active questioning and learning which one can and should hope for in such courses. The use of games and class discussion helps here.

But perhaps most important are the term paper and the team case analysis. I am not suggesting that "gimmicks" be used to replace tried and true educational practices--lectures, reading, discussion--but I do believe that transitions from theory to practice are best achieved by engaging the creative and imaginative skills which writing and teamwork require.

Finally, the course explores topics which are of considerable philosophical interest--as measured by historical literature and contemporary writings. The relationship between person and organization, the concept of rationality as it pertains to each, relativism, egoism, the moral point of view, and responsibility--these are central topics in moral philosophy. And their treatment represents the distinctive contribution which philosophers might hope to make to the broad area of "business ethics"--an area which can and should include contributions from other disciplines as well (including religious studies, the social sciences, organization theory, psychology, and history).

VI. Selected Bibliography

The following are some useful anthologies and single-author books to which both students and teachers might be referred or which might replace one or another of the texts used in "Ethics and Business" as it is presently taught. No suggestion of completeness or exhaustiveness is even remotely entertained.

Anthologies

Alexis, M., and C. Wilson. Organizational Decision Making. Englewood Cliffs, N.J.: Prentice-Hall, 1967.

Beauchamp, T., and N. Bowie. Ethical Theory and Business. Englewood Cliffs, N.J.: Prentice-Hall, 1979.

Brozen, Y., E. Johnson, and C. Powers. Can The Market Sustain An Ethic? Chicago: University of Chicago Press, 1978.

DeGeorge, R. T., and J. A. Pichler. Ethics, Free Enterprise and Public Policy. Oxford: Oxford University Press, 1978.

Donaldson, T., and P. Werhane. Ethical Issues in Business: A Philosophical Approach. Englewood Cliffs, N.J.: Prentice-Hall, 1979.

Garrett, T. M., et al. Cases in Business Ethics. Des Moines, Iowa: Meredith, 1963.

Good paster, K., and K. Sayre. Ethics and Problems of the 21st Century. Notre Dame, Indiana: University of Notre Dame Press, 1979.

Hampshire, S. Public and Private Morality. Cambridge: Cambridge University Press, 1978.

Hoffman, W. Michael. Proceedings of the First National Conference on Business Ethics. Waltham, Mass.: Bentley College, 1977.

_____, Proceedings of the Second National Conference on Business Ethics. Waltham, Mass.: Bentley College, 1978.

Litschert, R., and E. Nicholson. The Corporate Role and Ethical Behavior: Concepts and Cases. New York: Van Nostrand Company, 1977.

Sayre, K. M. Values in the Electric Power Industry. Notre Dame, Indiana: University of Notre Dame Press, 1977.

Seidler, L. Social Accounting: Theory, Issues and Cases. Los Angeles: Melville Publishing Company, 1975.

Sethi, S. P. Up Against the Corporate Wall. 3rd ed. Englewood Cliffs, N.J.: Prentice-Hall, 1977.

Sethi, S. P., and Dow Votaw. The Corporate Dilemma. Englewood Cliffs, N.J.: Prentice-Hall, 1973.

Walton, Clarence. The Ethics of Corporate Conduct. Englewood Cliffs, N.J.: Prentice Hall, 1977.

Books

Bok, Sissela. Lying: Moral Choice in Public and Private Life. New York: Pantheon Books, 1978.

Boulding, Kenneth. Beyond Economics. Ann Arbor: University of Michigan Press, 1968.

Brown, Lester R. World Without Borders. New York: Random House, 1972.

Chandler, Alfred D. The Visible Hand: The Managerial Revolution in American Business. Cambridge, Mass.: Harvard University Press, 1977.

Commoner, Barry. The Poverty of Power. New York: Knopf, 1976.

Estes, Ralph. Corporate Social Accounting. New York: Wiley, 1976.

Ewen, Stuart. Captains of Consciousness: Advertising and the Social Roots of the Consumer Culture. New York: McGraw-Hill, 1976.

Friedman, Milton. Capitalism and Freedom. Chicago: University of Chicago Press, 1962.

Garrett, Thomas M. Business Ethics. Englewood Cliffs, N.J.: Prentice-Hall, 1966.

Heilbroner, Robert L. Business Civilization in Decline. New York: W. W. Norton, 1976.

Illich, Ivan. Energy and Equity. New York: Harper and Row, 1974.

Maccoby, Michael. The Gamesman. New York: Simon and Schuster, 1976.

McGuire, Joseph. Business and Society. New York: McGraw-Hill, 1963.

Mishan, E. J. Technology and Growth: The Price We Pay. New York: Praeger, 1969.

Petit, Thomas. The Moral Crisis in Management. New York: McGraw-Hill, 1967.

Silk, L., and D. Vogel. Ethics and Profits: The Crisis of Confidence in American Business. New York: Simon and Schuster, 1976.

Simon, Herbert A. Administrative Behavior. 3rd ed. New York: Macmillan, 1976.

Stone, Christopher. Where the Law Ends: The Social Control of Corporate Behavior. New York: Harper & Row, 1975.

Walton, Clarence. Ethos and the Executive. Englewood Cliffs, N.J.: Prentice-Hall, 1969.

Williams, O. and J. Houck. Full Value. New York: Harper & Row, 1978.

Withers, William. The Corporations and Social Change. Woodbury, N.Y.: Barron's Educational Series, 1972.

APPENDIX: Sample Lecture and Study Guides

What is Philosophical Ethics?

Philosophical ethics is the study of basic moral principles with attention both to their proper content and to their proper analysis/justification.

Closely allied to philosophical ethics is descriptive ethics--the study of actual values and norms held by individuals or groups (past, present, future).

Some terminology for philosophical ethics:

1. normative ethics/metaethics
2. moral action-guides/non-moral action-guides
3. principles of conduct (obligation)/principles of value
4. teleological principles of conduct/deontological principles of conduct
5. basic principles/derived principles
6. utilitarianism
7. egoism
8. hedonism

Some terminology from logic:

9. argument (premise, conclusion)
10. deductive/inductive (arguments)

11. valid/invalid (arguments)
12. sound/unsound (arguments)
13. true/false (propositions)
14. critique of an argument

Can we <u>know</u> right from wrong? (a metaethical question)

Yes (1) INTUITIONISTS

There is a special rational faculty by which we "see" the truth of basic moral principles as self-evident. Comparison to mathematics. Problems: (a) moral disagreement; (b) the practical or motivational aspect of moral knowledge.

Yes (2) NATURALISTS

There is no <u>special</u> faculty for moral knowledge. Ethical truths are empirical or scientific truths, once we see the relevant translations from "good" and "right" etc. to operational terms . . . Problem: the translations themselves seem to involve moral judgments of a basic sort and no explanation is given for the truth or falsity of <u>these</u>.

No (1) CULTURAL RELATIVISM

Persons, groups, and societies differ (sometimes radically) about matters of good and bad, right and wrong . . .

No (2) ETHICAL RELATIVISM

Basic moral principles are merely expressions of individual or group preferences and feelings--and these often differ. There is no way to deal with ultimate moral disputes.

Problems: (a) cultural relativism does not validly support this view; (b) it seems clear that moral judgments are intended to express more than mere tastes--else we would not think of them as contradicting one another.

Yes (3) CRITICAL ATTITUDE THEORY

The view that basic moral principles are expressions of attitude, not simply a <u>seeing</u> as in intuitionism or naturalism. Yet they are expressions of an attitude which (it is claimed) would be <u>shared</u> by all who take the moral point of view and are reflective and enlightened about the facts.

Ethical Egoism (EE):

Every person should act (or try to act) always and only in his/her own self-interest.

Psychological Egoism (ΨE):

Every person acts or tends to act always and only in his/her own self-interest.

The latter (psychological egoism) is most often used as a support for the former (ethical egoism). Also, a similar view for organizations has been used to

defend a kind of "organizational ethical egoism." (See J. Ladd, "Morality and the Ideal of Rationality in Formal Organizations," and reply by Goodpaster, "Morality and Organizations," in Donaldson and Werhane, Ethical Issues in Business: A Philosophical Approach, Prentice-Hall, 1979.)

Support for psychological egoism itself is most often provided by one or both of the following arguments:

Premise #1 Even when an act is apparently unselfish, an agent is really doing what he most wants to do.

Conclusion #1 Therefore, every person acts always and only in his/her own self-interest.

Premise #2 Even when an act is apparently unselfish, an agent gets pleasure or satisfaction from accomplishing his aim(s).

Conclusion #2 Therefore, every person acts always and only in his/her own self-interest.

(a) Reflect on both the validity and the soundness of each of these arguments.

(b) Reflect on the validity and soundness of the inference from (ΨE) to (EE).

(c) Reflect on the organizational or institutional

analogues to the above lines of argument . . . Might we expect that organizations or institutions are no more or less egoistic than the human beings in them? Should an ethical principle for organizations or institutions ask any more or less of them than of the human beings in them?

Next topic: The principle of moral projection . . .

Christopher Stone: Where the Law Ends
Questions for Parts I and II
Part I

1. What, according to Stone, is the "corporation problem?"
2. What is the thesis of Part I as it relates to the law and the corporation in the formative years?
3. Why does Stone think that common sense is misleading in tending to focus on the individual person in the corporation, rather than on the corporation itself, as a responsible agent? What is his key example here and what main conclusion does he draw from it?
4. What conception of human beings gradually came to dominate in the evolution of the law--and got transferred eventually to the corporation?
5. With the Industrial Revolution, the growth of corporate entities exploded. What trend in incorporation procedures does Stone discern during this period, and how does he explain the trend?

Part II

1. What two strategies of the law, in dealing with corporations, did the history discussed in Part I leave behind?
2. What are the three main aims of the law, expecially with respect to control of business?
3. What are two major problems involved in the social control of corporations which are not involved in the social control of the individual persons?
4. What "doubtful assumptions" does the "pocketbook strategy" of corporate control involve?
5. What are the main problems with the "key individuals" strategy as Stone sees it?

Christopher Stone: Where the Law Ends
Questions for Parts III and IV

Part III

1. "Why, in summary, shouldn't corporations see their role as something above and beyond making money?" (p. 73) This question sets the stage for the corporate responsibility debate as Stone conceives it. What are the four main "anti" positions here? And what is the fundamental assumption that underlies all four positions?
2. What are the main arguments used to defend this assumption and give Stone's (and your own) assessment of each argument (Promissory, Agency, Role,

and Polestar).

3. What two major institutional control mechanisms does Stone cite as inadequate for controlling corporate behavior?
4. What confusion are proponents of corporate responsibility often guilty of, according to Stone?
5. Distinguish, with Stone, two important senses of "responsibility." Which does Stone advocate imparting to the corporation?
6. What are the central "marks" of responsible decision-making on the part of ordinary persons (in Stone's second sense of "responsible")?
7. Illustrate the way in which Stone proposes to project this model of individual responsibility onto the corporation.

Part IV

1. What does Stone mean by an alternative to the "black box" approach?
2. What are some problems attending the placement of public directors on corporate boards, according to Stone--and what is his conclusion in the light of these problems?
3. Explain the distinction between "Class A" and "Class B" behaviors--and the reform measures proposed in the case of each.

4. In chapter 17, Stone reiterates what he calls the "central problem" or "theme" of the entire book. What is it?
5. How does Stone deal with information-oriented measures to improve corporate moral perception?
6. What does Stone regard as the "final, most difficult, and elusive problem of all"?
7. What are some of the desirable attitudes which Stone hopes can be set beside the profit orientation of corporations? And what are some of his answers to the question "Why aren't corporations more moral?" How can we alter "the culture of the corporation" in the proper direction?

Michael Maccoby, The Gamesman
Questions for Study and Discussion

1. What does it mean to call an organization a "psycho structure"?
2. What is the main problem which Maccoby's data suggest about the personalities of corporate managers?
3. What is the meaning of "the exercise of the heart" by contrast to "the exercise of the head"?
4. What three causes of this underdevelopment does Maccoby consider?
5. Of these causes, which is the most malignant? Which is the most pervasive--the modern pathology of the heart?

6. What is careerism?
7. What paradox leads the careerist to "constantly betray himself"? Relate this to Fromm's notion of a "marketing orientation."
8. What, according to Maccoby, are the main goals stated by all corporate types?
9. What is the key concept in the careerist's idea of social responsibility?
10. What is your reaction to Maccoby's discussion of the dreams of the corporate managers he interviewed?

Guidelines For Case Panel Presentations

1. Each student on the panel should study carefully the entire case and follow up on footnotes if they seem especially relevant. Others in the class should, of course, read the case ahead of time.
2. Division of labor. The chairperson for each panel should have at least one organizational meeting of the group to divide up tasks. Other meetings to bring together the work and go over the actual plan for presentation should be held a few days before the presentation (at the latest). The more unified and coherent the presentation, the better the grade.
3. Possible division:

   (a) One person on the panel might be responsible

for getting out the key facts of the case early on in the presentation; visual aids, though not required, are quite helpful.

(b) Another person might take on a selection of the most important among the questions which appear at the end of the case--answers being supported with explicit evidence or argument.

(c) A third person might apply the analysis questions offered in the casebook (p. 30), concentrating on those which are the most ethically relevant in the context.

(d) Someone (or two) should make an explicit attempt to apply Stone's eight features of moral responsibility to the behavior of the firm or corporation in the case--answering such questions as: "Does the corporation exhibit feature X?" If so, how? If not, why not? How could the firm have done better, or worse? Care should be taken here to avoid unargued imputations as well as loose or vague "hand waving" regarding the presence or absence of any given element.

(e) The chairperson should then be prepared to initiate class discussion of the case

with several leading questions after summarizing his (or her) group's overall assessment of the corporate behavior at issue.

4. In general, a case presentation will be most effective if it reflects a group's thorough antecedent discussion of issues, non-superficial moral assessment (with cogent reasoning), and concern for engaging the entire class on key issues. Humor and various dramatic devices or formats for treating the cases are acceptable and sometimes very effective. But the exercise is not a "skit" (and won't be graded on that level)--it is a serious attempt at coming to grips with real-life corporate morality systematically.
5. A brief written report should be submitted on the day of presentation. Grading will be done PARTLY on the basis of peer assessment.

GUIDELINES FOR TERM PAPERS

1. Papers are to be approximately five (5) pages in length; typed, double-spaced, literate, and carefully proofread. They are due no later than . . .
2. The paper must be a <u>reflective</u> and <u>argued</u> response to one of the following lines of thought:

    (a) A corporation exists for certain purposes. Subject to legal constraints, its rationality consists in the pursuit of those

purposes, period. If "moral responsibility" asks more than this, it asks the corporation to depart from rationality: to be, in effect, irrational. Such a demand cannot, and <u>should</u> not, be honored.

(b) Either morally dedicated people (people with "heart") don't make it to the top because they are not "gamesmen" or "careerists" enough, or their "heart" takes second place to their "gamesmanship" and "careerism" and is eventually compromised. Either way, it seems unlikely that the kinds of traits needed at the upper levels of the modern corporation will ever be represented there with the strength that phrases like "corporate moral responsibility" seem to require.

3. The paper is to be (your <u>own</u>) philosophical argument and must be well-organized as an argument (with clear premises and a clear conclusion). You should consider at least one possible line of objection to your argument (explicitly) and reply to it (explicitly). Any "borrowed ideas" should be precisely footnoted.
4. The <u>opening</u> paragraph of the paper should quote the relevant line of thought (a or b) and should state clearly what it is you plan to defend in the body of the paper with respect to that line of thought.
5. The <u>concluding</u> paragraph of the paper should state

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clearly how you have accomplished what the opening paragraph said you would accomplish.

6. Your grade will depend on the clarity and cogency of your argument (though grammar, spelling, etc. will also be factored in). Do yourself a favor; do not wait until the night before the paper is due to start work on it.

Additional Term Paper Topics
(used in alternate semesters):

(c) Ethics was invented for losers, and losers try to impose it on winners. If a person--or an organization--has intelligence and power, morality is something it can do without. If one had to make an argument for moral responsibility among the powerful, one could not do it--at least without appeal to heaven and hell.

(d) The only way to insure corporate social responsibility is to demand political accountability of corporate management. The only way to get political accountability from corporate management is to make corporate management part of government, i.e., to wipe out "free enterprise" and replace it with "socialism." Hence we must choose between corporate responsibility with socialism and free enterprise without corporate responsibility.

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II. ETHICAL ISSUES IN BUSINESS

A Course Model Taught as
Philosophy 253 at Loyola
University of Chicago

Professor Thomas Donaldson,
Instructor

Contents:

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I. Introduction

Ethical Issues in Business is an undergraduate course which addresses business ethics from a philosophical point of view. By "philosophical" I do not necessarily refer to traditional academic philosophy--although some of that is included in the course. The course is philosophical because it stresses a search for fundamental concepts relating to business conduct and an analysis of competing ethical claims in business.[1]

The course has been taught in varying versions each semester for the past three years at Loyola University of Chicago. It is required for all undergraduates in the business school, with the result that classes (each containing about forty students) are comprised of about two-thirds business and one-third non-business students. Two colleagues in the philosophy department also teach courses under the same heading. Nearly 350 students complete such a course each year at Loyola.

Each semester I have altered the course material and teaching strategy somewhat, usually in response

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[1]Much of the material referred to in this syllabus has also been used in a graduate course I teach at Loyola's Institute of Industrial Relations.

to good student criticism. In what follows, I have not mapped out an actual course, but one which is a composite of ones taught in the past. More material is referred to than could reasonably be required of the ordinary undergraduate, and for this reason various sets of alternative materials are identified.

II. Teaching Strategy

A hidden assumption about teaching ethics is implicit in the design of the course: namely, that ethical knowledge can, and typically does, arise from a process of personal reflection on ethical topics. This assumption implies that ethical knowledge can be a possible result of everyday reflection, as well as of work in the college classroom. More importantly, it suggests that an important purpose of ethical teaching is the encouragement of rational reflection by students. The present course could be taught without a commitment to this assumption, but the assumption explains why the structure of the course encourages the analysis of opposing ethical views, and attempts to involve the student in his/her own resolution of those views.

The course employs a simple strategy of presenting material:

A. A case study concerning ethical issues in business is read and then discussed in class.

B. An article which attempts to solve certain ethical problems in the case is read and discussed.

C. Another article presenting a different point of view is read and discussed.

D. The student is encouraged to evaluate the different views, arrive at his own view, and then apply the results to the case at hand.

(This basic strategy only represents a paradigm; sometimes more than one case is studied in step "A" and as many as six articles are examined in "B" and "C.")

Step A: (Case Studies)

The case study serves the immediate function of interesting the student in a concrete ethical issue, of isolating important and fundamental ethical issues for his attention, and strengthening his/her desire to resolve those issues. In this way, it serves to prepare the student for the theoretical material encountered in steps "B" and "C." Once the theoretical material has been introduced, the case then serves as a locus for the application of the student's emerging views, and shows how a practical application of his views is possible in a true-to-life situation.

The cases selected in step "A" are ones which raise issues that are ethical in character, and I

have avoided ones which include serious subsidiary issues of marketing, production, or finance. Each case is discussed by the class as a whole, with the instructor serving as leader. Sometimes a panel-discussion format is used, with students serving as panel participants.

Unlike cases which raise issues of marketing and finance, and in which solutions typically turn on finding appropriate means to achieve recognized ends, e.g., profit or growth, cases which raise ethical issues often involve competing ethical ideals and theories. Solving a case which concerns the making of "sensitive payments" abroad turns in part on a determination of how much, if at all, differing cultural values can be equally valid. For this reason, case discussions are designed to:

1. Isolate the specific ethical issues upon which the case turns.

2. Reveal how the varying views concerning value issues will generate different solutions to the case.

These steps provide an introduction to the theoretical material. In helping the students to take them, the instructor plays an important role.

In addition to isolating ethical issues, the case discussions acquaint students with facts about

corporate structures, organizational behavior patterns, and tendencies in organizations for certain ethical dilemmas to arise. In this respect, the case study method serves some of the same purposes as the traditional business case study; e.g., the acquisition of empirical knowledge and practical strategies. However, again, the knowledge and strategies stressed are in this instance ones that are relevant to the solution of ethical problems. At least one class period (fifty minutes) is devoted to the discussion of each case.

Steps B and C: (Articles Presenting Points of View)

At this stage the student is no longer asking "Why should I read a theoretical essay about ethics?" The case he has examined answered this question by exposing a theoretical need. By referring first to the issues in the case, and then to a possible theoretical solution of those issues, the instructor can help guide the student to a reasoned evaluation of the issue. The articles which do most at steps "B" and "C" are ones which (1) have gained enough acceptance actually to have influenced business structure and practice, and (2) establish a potentially fruitful tension in the student's mind, making it mandatory that the student arrive at his/her own personal reconciliation. For example, Milton Friedman's

view that the social responsibility of business is simply to maximize profits (because the fiduciary duties of managers are to shareholders), cannot be accepted at the same time one accepts Nader's view that corporations are citizens of the community who are granted special privileges, and have special duties thereby. The role of the instructor in this process is fairly straightforward; it is to explain the material clearly, and then to allow the student to evaluate the various views for himself or herself.

Step D: (The Student's Evaluation of Contrasting Viewpoints)

Of course there are many viable ways to encourage students to evaluate ethical viewpoints. In this course, three have been used to advantage:

1. Following the presentation of both case material and theoretical material, the instructor invites discussion from the class as a whole, seeking the overall viewpoints of students towards the theoretical material, and their reasons for them. Then special attention is given to discussing how students can apply their theoretical attitudes to the case discussed previously.

2. Exams make use of essay questions that require students to evaluate theoretical material and apply their findings to the relevant case. Prior to

exam time, the instructor makes it clear that students will not be evaluated on the basis of which views they espouse, but rather on how coherently they argue for those views. Students are also advised that they need not even commit themselves to a particular positive view; uncertainty is an acceptable position--so long as reasons can be given for the uncertainty.

3. A panel discussion format has been used in some classes. Students are asked to describe a given theoretical viewpoint and then to discuss how that viewpoint applies to the case. The panel discussions typically involve four students: two who represent one viewpoint and apply it to the case at hand, and two who do the same with an opposing viewpoint. Students in the panel are allowed to question each other, and discussion from the class at large is encouraged. Such panel discussions are designed to last for about half an hour.

III. Main Divisions of the Course

A. Philosophical Introduction to Ethics

Alternative 1: Two Major Modes of Ethical Reasoning

Alternative 2: Philosophical Issues in Ethics

B. Economic Issues in Business Ethics

1. Alternative a: The Profit Motive

   Alternative b: Private Ownership and the Public Interest

2. Alternative a: Individual Liberties and Social Justice

   Alternative b: The Individual and the Organization

C. Rights and the State

1. Employee Rights--Discrimination in Hiring

2. Alternative a: Consumer Rights and Business Liabilities

   Alternative b: Ethics in Advertising

3. Government Regulation

D. Business in Modern Society

1. Alternative a: Business Trends

   Alternative b: Public Sector Strikes

2. Environmental Issues

Next, these main divisions will be discussed in more detail.

A. Philosophical Introduction to Ethics

The function of this section is to provide a general orientation to ethics with which the student can confront ethical issues in business.

Alternative 1: Two Major Modes of Ethical Reasoning

Students often find it helpful to learn basic methods of making ethical evaluations. Two traditional methods are those of "teleology" and "deontology"; or, in other words, consequence-oriented and non-consequence-oriented methods. Two traditional ethicists associated with these views are Mill and Kant, and students are asked to read:

John S. Mill's Utilitarianism, and

Immanuel Kant's Groundwork for the Metaphysics of Morals

A hand-out from the instructor is provided to summarize the main points of each theory, and some effort is made to show how each view can yield different results in the context of business evaluation. (See Appendix #1)

Alternative 2: Philosophical Issues in Ethics

An alternative approach to providing a philosophical background is negative in character. That is, it involves removing philosophical obstacles to the investigation of ethical problems in business. Students who have never seriously confronted ethical issues may believe, for example, that all value issues are relative to cultural contexts, or that the rules of business are so different from that of ordinary life that ethics does not apply. Investigating the following issues may be helpful in clearing the way for students to take

ethical problems seriously.

Ethical Relativism: (the doctrine that ethical values are completely relative to cultural contexts)

Readings: Case: Lockheed Payoff*
(Lockheed's president bribes the Japanese.)

"Ethical Relativism"* by Richard Brandt
(Some ethical values are totally relative to culture.)

"Ethical Relativity and Ethical Absolutism"* by W. T. Stace
(A refutation of ethical relativism)

Morality and Organizations:

Readings: Case: Campaign to Make General Motors Responsible*
(Nader and colleagues' attempt to make G.M. more responsible.)

"Morality and the Ideal of Rationality in Formal Organizations"* by John Ladd, The Monist, 54 (October, 1970)
(Ladd argues that corporations are not moral agents, and cannot be

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* All readings marked with an asterisk may be found in Ethical Issues in Business: A Philosophical Approach, ed. Thomas Donaldson and Patricia Werhane (Englewood Cliffs, N.J.: Prentice-Hall, 1979).

"responsible.")

"Morality and Organizations"* by Kenneth Goodpaster (Corporations can and should be responsible: a response to Ladd.)

Ethical Egoism: (the doctrine that one ought always to maximize one's own self-interest)

Readings: Case: Aircraft Brake Scandal*
(Engineers lie at Goodrich for self-interest)

"Self-interest"* by Thomas Hobbes from the Leviathan (1651; rpt. Oxford University Press, 1967)
(Hobbes argues self-interest ultimately is the only possible motive.)

"Benevolence and Self-interest"* by Joseph Butler from Fifteen Sermons (1726; rpt. Thomas Tegg & Son, 1835)
(Butler counters Hobbes: benevolence is necessary, natural, and desirable.)

Truth-telling:

Readings: Case: Italian Tax Mores*
(Italian Tax system discourages literal honesty)

"Truthfulness"* by Immanuel Kant from Lectures on Ethics (The Century Company, 1930)
(Kant defends the absolute duty of

truth-telling.)

"Is Business Bluffing Ethical?"* by Albert Carr in Harvard Business Review, 1968. (Carr claims business is like poker; deception is justified.)

B. Economic Issues in Business Ethics

This section investigates the relationship between economic issues and ethical problems. Some economic theories have been used as justifications for unusual views of business ethics. For example, the theory of the invisible hand (or one of its modern versions) has prompted some critics to argue that business responsibility is equivalent to maximizing profits. In this section the student is asked to investigate how, if at all, economic issues affect ethical ones.

1. Alternative a: The Profit Motive

Today wide disagreement exists over the value of the motive of profit in business activity. Some champion the profit motive as the key to efficiency and productivity; others regard it as the central cause of ethical insensitivity in business.

Readings: Case: Blood Plasma International* (A U.S. firm buys blood at fifteen cents a pint in Africa, then sells it to victims of South American earthquake for twenty-five dollars a pint.)

"Benefits of the Profit Motive"* by Adam Smith from The Wealth of Nations (1776; rpt. Chicago: University of Chicago Press, 1976)

(Self-interest turns the wheels of industry.)

"Sadler Committee Report"*

(Testimony from children working in English wool industry during Industrial Revolution)

"The Social Responsibility of Business is to Increase its Profits"* by Milton Friedman from New York Times Magazine (September, 1970)

(A corporation's real responsibility is to its owners--its shareholders.)

"Owing Your Soul to the Company Store"* by Ralph Nader and Mark Green

(Corporations are community citizens with genuine social obligations.)

2. Alternative a: Individual Liberties and Social Justice

This section examines the question of when, if at all, it is morally acceptable to limit the freedom of individuals to achieve a broader social good. How much restraint can government justly exertupon individuals and corporations?

Readings: Case: Laetrile: The FDA and Society* by Thomas Donaldson
(The FDA prohibits the sale and manufacture of Laetrile in order to save lives.)

"The Principles of a Liberal Social Order" by F. A. Hayek
(A free, spontaneous social order is more just than a patterned one.)

"Distributive Justice"* by John Rawls
(Inequalities are injust unless they benefit the worst-off.)

"Alienated Labor"* by Karl Marx from The Economic and Philosophic Manuscripts (rpt. New York: McGraw-Hill, 1964)

"Wealth"* by Andrew Carnegie from North American Review (June, 1889)
(The self-made millionaire's own vindication of Social Darwinism in the marketplace)

"The Profit Motive"* by Antony Flew, Ethics, 86 (July, 1976)
(A modern defense of the profit motive)

1. Alternative b: Private Ownership and the Public Interest

The concept of private property lies at the heart of certain ethical disputes in business. Some claim

that ownership confers enormous power; others argue that such power is limited by special responsibilities. And some claim that nearly all national assets must, as a matter of right, be privately owned. Others vehemently reject this.

Readings: Case: AMTRAK*

(Private railroads are merged into AMTRAK.)

"The Justification of Private Property"* by John Locke from Second Treatise (1690; rpt. New York: MacMillan, 1956)

(Locke gives the classical defense of private property.) (See Appendix #2.)

"The Communist Manifesto"* by Karl Marx and Friedrich Engels

(The classical critique of private property)

(See Appendix #2.)

2. Alternative b: The Individual and the Organization

This alternative investigates the ethical issues associated with the relationship between an individual and a business organization.

Readings: "I Only Work Here: Mediation and Irresponsibility"** by John Lachs

(Large organizatins breed ethical insensitivity.)

"Conflict of Interest: Whose Interest? and

What Conflict?"** by Joseph McGuire
(Conflict of interest is rarer than supposed.)

"Opportunities for Self-Enforcement of Codes of Conduct: Legal Limitations"** by Earl Kintner and Robert Green
(Beware: ethical codes may violate anti-trust regulations.)

"Codes of Conduct: Their Sound and Their Fury"** by Abraham Briloff
(An impassioned criticism of ethical codes in the accounting industry)

C. Rights and the State

This section investigates the relationship between individuals and the state in the context of ethical issues in business. It begins with a general discussion of human rights and proceeds to examine rights in the workplace, in particular, the right not to be discriminated against in hiring, firing, and promotion. Next, the so-called rights of consumers are taken up, and particular attention is given to product safety and

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** All readings marked with a double asterisk may be found in Ethics, Free Enterprise, and Public Policy, ed. Richard DeGeorge and Joseph Pichler (Oxford University Press, 1978).

the responsibility of manufacturers for physically dangerous or psychologically dangerous products. The section concludes with an investigation of the negative and positive aspects of governmental regulation.

1. Employee Rights--Discrimination in Hiring

Readings: Case: Affirmative Action in Theory and Practice*
(An ambitious affirmative action program in the Apex corporation causes discontent.)

Case: Pension Benefits and Profitability*
(An unprofitable company seeks to alter pension benefits for employees.)

"The Universal Declaration of Human Rights"*
(The U.N. declaration lists the rights to not be discriminated against and to a decent standard of living.)

"A Proposed Employee Bill of Rights" by David Ewing from Freedom Inside the Organization (E.P. Dutton, 1977)
(Ewing defends e.g., the rights of whistle blowers and employee privacy.)

"Is Turn About Fair Play?"* by Barry Gross
(Preferential treatment is unjust.)

"A Defense of Programs of Preferential Treatment"* by Richard Wasserstrom
(Preferential treatment recognizes social realities.)

"Classification by Race in Compensatory Programs"* by James Nickel
(Preferential treatment is not reverse discrimination.)

2. Alternative a: Consumer Rights and Business Liabilities

Readings: Case: Hasbro Industries*
(Hasbro Toy Company under fire for producing dangerous, psychologically damaging toys)

"The Moral Responsibility of Corporations"* by David Ozar
"Corporations cannot renounce responsibility.)

"Product Liability: Manufacturers Beware!"* by L. A. Benningson, Harvard Business Review (May-June, 1974)
(Liabilities of manufacturers for products reviewed and analyzed)

2. Alternative b: Ethics in Advertising

Readings: "Beyond Fraud and Deception: The Moral Uses of Advertising"* by Burton Leiser
(Companies are shunning genuine ethical responsibilities in advertising.)

"Advertising and Ethics"** by Phillip Nelson
(A criticism of government regulation of advertising)

3. Government Regulation

Readings: Case: OSHA*

(Supervisors see OSHA demands as unreasonable)

"How to Halt Excessive Government Regulation"* by Donald Kendall from Nation's Business (March, 1976)

(Only ethical self-control can halt regulation.)

"Too Late Reacting, and Too Much Regulation" by Daniel Bell from Business and Society Review (Summer, 1976)

(Government is now oppressing business.)

D. Business in Modern Society

Striking changes have taken place in the business world in the last forty years, and many have significant consequences for ethical issues. In this section, the student is asked to consider such changes as:

1. The increasing attention business executives are giving to issues of corporate responsibility.

2. The trend towards larger and more complex corporations, and the ethical challenges this change brings.

3. The appearance of environmental issues and pollution problems.

1. Alternative a: Business Trends

Readings: Case: T.R.W.*

(T.R.W. Corporation launches new program for social responsibility)

"Is the Ethics of Business Changing?"* by Steven Brenner and Earl Molander from Harvard Business Review (January-February, 1977)

(This study finds corporate executives are taking new interest in social responsibility.)

"The Modern Corporation" by John Kenneth Galbraith from The New Industrial State (Houghton Mifflin Co., 1971)

(Galbraith notes new structures and new problems in large corporations.)

1. Alternative b: Public Sector Strikes

Readings: "Public Sector Strikes: Legal, Ethical and Practical Considerations"** by John Burton, Jr.

"Public Service Strikes: Where Prevention Is Worse Than the Cure"** by Victor Gotbaum

2. Environmental Issues

Readings: Case: Silver Bay: Reserve Mining Company*

(Reserve Mining is dumping 67,000 tons

of taconite daily into Lake Superior--
but it is not violating the law.)

"The Case for Economic Growth"* by Wilfred Beckerman
(Beckerman claims we will keep finding abundant new resources.)

"Scarcity Society"* by William Ophuls
(Only civic virtue can combat modern problems.)

"Ethics and Ecology"* by William Blackstone
(People have a right to expect a pollution free environment.)

IV. Student Responsibilities

Students are given three exams and required to participate in class discussions. The weights of various grades are:

25% 1st exam
30% 2nd exam
35% Final exam
10% Class discussion

Exams are divided into two sections: the first half contains short answer questions and seeks to determine the student's factual comprehension of the material; the second half is an essay exam in which the student must select one of three questions and construct an essay which demonstrates ability to analyze and evaluate

the material.

Students are also required to attend presentations made by guest speakers. In the past speakers have included:

1. A regional director of the A.F.L.-C.I.O
2. A local director of the Consumer Protection Agency
3. President of a local steel company
4. An economist from the Brookings Institute
5. An academic philosopher discussing business ethics
6. A lawyer from a local corporation

When panel discussions have been used in the course, students are graded on their performance in the panels (see section II for a description of the format).

V. Evaluation

The course has been taught approximately twelve times, and students have made written evaluations on each occasion. The course appears popular--a fact implied both by the strong endorsements from students and the steadily increasing number of non-business majors. Student evaluations often mention the following as positive aspects of the course:

1. The case discussions held in class

2. That philosophy is not allowed to remain abstract, but is applied

3. That the course encourages each student to think for himself/herself

4. That the course helps to understand issues not covered by regular business courses

Negative aspects of the course sometimes mentioned are:

1. Some of the readings are difficult to understand. (This especially is said of Mill's Utilitarianism and Kant's Groundwork--when "A-alternative 1" is used.)

2. Outside speakers are sometimes viewed as irrelevant to the course material.

From my own perspective, the course is successful in creating an awareness of the significance of ethical problems in business, and in providing fundamental concepts for confronting ethical problems. This much is evident from listening to students and reading their exam essays. There is a significant difference between what the average student writes at the beginning and the end of the course. The course is also successful, I believe, in removing philosophical barriers which may prevent students, especially business students, from admitting ethics as an essential factor in business decision-making.

A weakness of the course from my perspective is its failure to provide students with enough concrete

information about organizational life and possible strategies for implementing ethical behavior. In other words, the course does a good job of creating a recognition of the need to take ethics seriously, but it is not fully successful in providing, as a next step, some detailed strategies for implementing ethics in business. In future versions of this course, for example, I plan to give more attention to:

1. Social audits in corporations
2. Creating and designing codes of ethics
3. Structuring institutions so they collect and act upon ethically relevant information

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APPENDIX #1:

Two Major Modes of Ethical Reasoning

Utilitarianism: (Teleological) (consequence oriented)

1. Principal defender: John Stuart Mill, 19th century.
2. Major thesis:

   One ought to act so that the consequences of the act constitute the greatest happiness for the greatest number.

3. Assumptions:
   a. Each person counts equally.
   b. Not only existing persons, but future ones, are included in the calculation.
   c. No moral principles are absolute; there can always be exceptions.
   d. The thesis is not equivalent to "One ought to do what makes the most people happy"; because one person's happiness or unhappiness may outweigh that of many other persons added together. Utilitarianism is not simply the doctrine of majority rule.
   e. "Happiness" means roughly pleasure.
   f. Some kinds of happiness or pleasure are "higher" than others; for example, the pleasure of understanding philosophy is presumed to be higher than that of drinking vodka.

g. Not only present or immediate pleasures are considered, but ones in the future as well. For example, utilitarianism would not recommend staying ten hours at the beach, because although it might be pleasurable for the ten hours, a bad sunburn would be painful for days.

4. Argument for thesis:

a. Proof of the principle of utility:

premise (1) The only proof for something being desirable is that someone actually desires it.

premise (2) Everyone desires happiness.

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conclusion (3) The greatest happiness for the greatest number is the most desirable thing.

5. Possible objections to Utilitarianism:

a. Utilitarians can't account for justice, because:

(1) justice requires absolute rules which Utilitarianism must deny.

(2) the "greatest happiness for the greatest number" could end up creating injustices for a small minority. Suppose, for example, that the greatest happiness for the greatest number were obtained by enslaving two percent of the population?

b. There is no adequate way to distinguish between higher and lower pleasures. Mill suggests that one ask a person who has experienced both pleasures, but suppose there are two such people and they disagree?

c. It is difficult or impossible to know what the consequences of actions will be; hence, a more workable approach to morality involves utilizing rules.

Universalism: (Deontological) (Rule oriented)

1. Principle defender: Immanuel Kant, 18th century
2. Major thesis:

   One ought only to act in such a way that the principle of the act could become a universal law of human action in a world in which one would desire to live. (This principle is called the "categorical imperative.")

3. Assumptions:

   a. "Inclination" should not be a force in one's choosing which actions and principles are good ones.

   b. One must strike the proper level of generality in choosing a principle. For example, a principle which read "If one is named John. J. Doe and is attending Loyola University and has two sisters, then he should borrow fifty

dollars without intending to repay it," is too specific.

c. To find which principle is appropriate for the act, one should ask, "Could I wish that everyone in the world would follow this principle under relatively similar conditions."

d. There is no external source or authority which should determine your thinking about which actions can be universalized. You are supposed to do this for yourself; i.e., you are supposed to think and decide for yourself.

e. Morality is not relative. In other words, there are objective standards of right and wrong.

f. One's rationality is the key to acting well. Rationality is the foundation of the categorical imperative.

4. Argument for thesis:

a. The principle of the categorical imperative is intuitively true, in the same way that it is intuitively true that the angles of a triangle add up to a straight line.

b. By studying the way people talk and think it becomes apparent that people use and accept the categorical imperative even though they don't speak of it as the "categorical imperative."

5. Possible objections:

   a. Universalism can justify anything so long as people have different opinions. For example, a Nazi could universalize the principle, "Submit to the Germans if you are not a German." Or a thief could universalize the principle, "Steal whenever you have a good opportunity."

   b. Universalism results in rigid thinking: it stresses absolute or universal rules; but no rule is really universal; there are always exceptions.

   c. In a given case, two rules may conflict; but universalism provides no way of deciding which rule should take precedence.

APPENDIX #2

Three views of private property:

(Only the major points of each view are given--not the reasons for the points.)

John Locke: 2-termed notion of property

1. In the state of nature, everything belongs to God.
2. In the state of nature, man owns his own body, the labor of his body, and the things he mixes his labor with.
3. People can only own so much as will not spoil.
4. There is always enough un-owned property for people to acquire by investing their labor in it.
5. The right to property is God-given and inalienable.
6. The purpose of government is to protect natural rights, such as the right to property. The right to property does not depend on government, or even democratic vote--it is natural to all people.

Karl Marx:

1. Rights change throughout history--they are not fixed and God given. The Greeks could not be said to have the same rights we have.
2. The state of nature is a fiction; anthropology shows no such state ever existed.
3. The institution of private property is a tool used by one class to subject the other class to its rule.

4. The institution of private property is inherently unfair. Real social justice cannot be achieved unless it is abolished.
5. History shows that private property will eventually cease to exist. (Marx's progressive view of history/Marx's view that the base determines the superstructure)
6. The worker in capitalistic society does not have economic freedom. His labor is also exploited by the capitalist who purchases his labor and then sells it for more than he paid. Thus private property damages the worker.

3-termed notion of property:

1. There is a right to private property. This right is inalienable.
2. Although the right to private property does not depend on government for its existence, the precise manner in which it is understood depends on democratic rule.
3. The institution of private property is specified, and defended, by the people. (In democratic society)
4. The institution of private property involves three terms; the property owner(s), and the public.
5. The property owner has certain rights, and

obligations to others vis a vis his property. The public has certain rights, and obligations to the owner(s) vis a vis that property. (The specific nature of those rights and obligations is determined by democratic sentiment.)

III. AN EXPLORATION IN THE VALUES OF MANAGEMENT AND ORGANIZATIONS

A Suggested Course Outline

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Acknowledgment: The ideas in this paper have been influenced by discussions with Charles Powers, George Schurr, Barbara Toffler, the participants in Group II, Summer Institute on Ethical Issues in the Management of Public and Private Institutions, Yale University, Summer, 1978, and the participants in the Spring Hill follow-up conference in Spring 1979. The ideas in this outline, however, are my responsibility.

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I. INTRODUCTION

Statement on Truth in Teaching

This outline is not a syllabus for a course on ethics in business. In the first place the material outlined has not yet been taught as a specific course, although I have used most of the readings and several of the assignments in my own teaching. Second, the outline does not deal formally with the field or literature of ethics as it is normally addressed in philosophy or religion. Third, the outline does not focus exclusively on businesses, on what are often termed economic or profit-based organizations.

Rather, this outline represents an attempt to explore value issues intrinsic to organizational settings and to the field of management from the point of view of a manager/social scientist. The writer assumes these value issues fall into three broad categories. First, that there are similar and fundamental value conflicts in all organizations, regardless of their purpose or function, by virtue of the fact that they are organizations. For example, all organizations face conflicts between their explicit and/or implicit values and those of the surrounding culture, or conflict between organizational values such as loyalty and the values of groups or individuals

which make up the organization. Second, that managers carry certain value orientations--or ideologies--developed in their socialization and training, which should be systematically examined and understood--for example, the widely endorsed "human relations" approach to management. And third, that particular organizations may have a system of values--a culture--which is unique to that organization and has evolved over time. These distinctive cultures, for example, those of universities or colleges, may significantly influence organizational behavior. It is suggested that a conscious and systematic exploration of these value issues--of value conflicts intrinsic to organizations, of particular organizational cultures--is of critical importance to graduate programs in management which train and therefore socialize future managers.

There are of course other valuable means of approaching ethics in business or management. For example, courses on ethics might be organized around: (1) the development of personal integrity; (2) the analysis and deductive application of classical value conceptions ("ethics from above"); (3) the inductive identification of ethical dilemmas by analysis of case problems in management ("ethics from below"); (4) means of managing or structuring organizations in order to maximize corporate--and ideally more moral-values; or some combination of these approaches. Each of these approaches has merit. But I would also suggest

that insight into what constitutes an ethical dilemma for an individual in an organization, or for the organization itself, is constrained by the value-based means we use for thinking about organizations and management and by the norms and traditions of individual organizations themselves. Therefore an attempt to inquire into and discover these value assumptions would appear to be a potentially fruitful learning experience in a management program.

Potential Students for this Course

The training of managers for organizational roles is increasingly conducted at the graduate level in colleges and universities. Programs in business are highly visible, but very similar training goes on in fields such as public administration, educational administration, public health administration, social work, and other fields. All of these programs are practitioner-oriented, and designed to prepare managers for roles in profit-making organizations, public organizations, or what is being termed "third sector" (non-profit) organizations. These programs generally include at the minimum courses on organizational theory/behavior, personnel, and finance, as well as more descriptive courses characterizing the particular sector (e.g., Business in Society, Politics of Public Health, etc.). The core courses on management and

organization, however, generally reference a similar body of literature on organizations, organizational behavior, and the processes of management.

This course has therefore been designed to be taught at the graduate level as part of one of these management programs, or as a special elective course open to students in all these programs. The readings and topics are consonant with those in the core courses on management and organization in any of these programs, though examining these issues from a different angle of vision. The material may be more profitably approached in the second year of a management program, after students have had basic work in organizational theory/behavior and management theory. Students at this point are also more likely to have absorbed the norms of the various programs and will be beginning to consider the type of organization in which they may work. The course would be enriched by offering it to students from different management programs because of the greater potential for conflict and debate between students socialized to the values of different organizational settings and different management fields.

Teaching Approach

The course has been designed in the form of a

helix, in which certain critical themes are examined in one context, examined again in another context, and in still a third, each discussion bringing the student closer to the realities of organizational life. In my professional school teaching experience, I have been impressed that modes or means of thinking about problems are of most importance, but that these modes are difficult to learn when taught linearly, throughout a traditional course. For example, a model of decision-making is best learned when taught and then applied a number of times throughout a course. This outline, therefore, offers a means of analysis of value issues in organizations and management, and then repeats it at three different levels of abstraction.

The first level of the course helix is an identification of the value issues intrinsic to organization and management through the discussion of Richard Adams' Watership Down. The choice of this book is purposeful: an attempt to discover value biases in a context completely strange to the students. The selection of any traditional organizational setting, in my experience, would tend to cloud the discussion with shared assumptions and norms which appear to be unchallengeable. A second value of Adams' book is that it can be used with effect for any group of

students or in any management program. It also helps to elicit the different value orientations of students with varying organizational backgrounds and aspirations. At this level the mode of analysis is first introduced: (1) the purpose or justification for the organization; (2) the organizational processes which are necessary conditions for an organization to function; and (3) the inevitable strain between organizational needs and individual needs. There has been some question as to whether a graduate management student will sufficiently identify with the "world of rabbits" to take this discussion seriously. In my experience, this has not been a problem. However, for those who feel ill at ease with this selection, an alternate means of uncovering these same values intrinsic to organizational settings would be to use a cross-national comparison. For example, Michael Crozier's The Bureaucratic Phenomenon could easily be adopted for this section of the course.

The second level of analysis revisits these issues by examining value conflicts within existing organizational and management literature. For example, do all organizations define effectiveness and efficiency in the same way, and what role, if any, does the organization's environment play in this process? What values are inherent in the human relations (participatory) approach to management? Is the

allegiance and loyalty of individuals to organizational objectives a necessary organizational value, or a managerial prejudice?

Throughout this section readings from a recent compendium, Life in Organizations: Workplaces as People Experience Them, edited by Rosabeth Moss Kanter and Barry A. Stein is suggested. This book offers contemporary, "front-line," reports from a wide variety of organizational settings, written for the general reader. There are also effective section introductions which synthesize research findings with practical case experiences and help to suggest the value conflicts intrinsic to organizational life. These and other applied readings are designed to bring the second section closer to the value issues in real organizations.

The third level of analysis attempts to narrow the distance between abstraction and reality ever further by applying the analysis to several "live" organizations. Attention is thereby drawn to both the reality of apparently abstract organization and management values, and to the particular values or culture of an ongoing organization. An understanding of organizational culture, how it evolves and changes, provides a further insight into sources of value conflict in organizational life. This section of the

course is most valuable in my experience if students carry out a field study research project examining the "values at work" in an organization of their choice. Reports on these field studies and subsequent discussion by class members then constitute the remainder of the course. A discussion of my experiences with these field studies is presented below. In the event that logistics or other factors prevent the completion of such a project, an alternate assignment is included. This would involve the reading, analysis, and discussion of several organizational "stories": a process designed to clarify the values of these different organizations, and provide some understanding of their evolution. Suggestions have been provided of stories in business, education, and public administration, either for a particular course emphasis, or to provide contrast.

Instruction and Evaluation

The course as outlined could be taught in a number of ways, but I have presumed a discussion-centered format for between twenty to thirty graduate students. Questions have been included for Watership Down both as a basis for thought and for discussion. Lectures have been suggested on particular topics at several points. Readings have been clustered to create contrapuntal themes, and thereby provoke discussion.

The inclusion of "life stories" in the second section provides a basis for case discussions, although these are not conventional "cases", i.e., problems that provoke need for a decision. Finally, the analysis of organizational stories in the last section, either through field research or reading, yields a natural base for class discussion on organizational values and value conflicts.

My preference for evaluation is a series of short papers in which students focus their thoughts on the material covered. These topics have been included. The final paper is somewhat more ambitious in that it involves either a field study of a single organization or a comparison of several organizations. If the field research option is employed, it should be assigned early in the course. Choosing an organization and obtaining access is time-consuming for most students. They will also need a significant amount of guidance and consultation on this project.

Field Research Project

In my experience, direct observation and involvement in an organization by management students is a powerful stimulus to thinking about values. Appendix 1 offers a field research project from a course in education, but one which should be applicable to a

wide range of organizations. Before assigning students this paper, several class sessions should be held to discuss the concept of organizational culture and to discuss readings such as those in Section D of the enclosed outline.

If the field research project is assigned, it should be discussed early in the course. The papers that I have received on this assignment have been of high quality and seem to have genuinely interested the students. The major difficulty encountered appears to be that of carrying out qualitative research of this type. Major concerns have been how to ask and where to look. For this reason I would suggest a basic reading in organization diagnosis: Harry Levinson, Organizational Diagnosis, particularly chapters 3, "The Study Procedure," and 5, "Genetic Data."

This book is oriented toward the process of organizational diagnosis as an approach to organizational development. It attempts to apply the model of diagnosis as utilized in psychiatry to the diagnosis of the well-being of organizations. Levinson includes a method and outline for such a diagnosis as well as a sample case study. Chapter three provides a useful discussion of the means to study whole organizations including sources of data, means of recording data, and procedures for interview. Chapter five gives

particular emphasis to historical data, key organizational development phases, major organizational crises, and organizational folklore. The entire book is clearly written with many examples and could be read with profit by those conducting the project.

At least one early class session should be set aside to discuss a general outline for the paper and expectations as to content.

II. COURSE OUTLINE

A. An Introduction to Individual, Group, and Organizational Values

1. Sources of Values

"The Issue of Values," pp. 154-156, in Fremont E. Kast and James E. Rosenweig, Organization and Management: A Systems Approach.

A brief introduction to individual values, group values, organizational values, and culture values as a source of influence.

2. The Nature of Values

"Values and Value Orientations," by Clyde Kluckhohn in Talcott Parsons and Edward A. Shils, Toward a General Theory of Action.

A classical attempt by a social

anthropologist to provide a definition of value: "Value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means, and ends of action." He discusses the distinction between explicit and implicit values (i.e., manifest or latent) and defines the concept of "value orientation" for the individual and/or groups (also termed "ethos").

3. Management Values

"Perspectives on Management Values," pp. 25-49, in Kast and Rosenzweig.

A discussion of the influence of sociocultural values, their evolution, the nature of the capitalistic ethic, current business ideologies, and the professionalization of management.

4. The Cultures of Management

Chapters 1-4, from The Cultures of Management by Robert Roy.

These chapters are distinctive in the organizational literature. Roy argues

that organizations can be at least partially understood in terms of the associational values they embody and which managers try to "satisfy" in their decision-making. He reviews the historical development and critical values of three general classes of organizations: corporations, governmental organizations, and academic organizations.

B. Value Issues Intrinsic to Organizations and Management: First Cut

Watership Down, by Richard B. Adams. This book is nominally about rabbits. In fact, it is a very intelligent discussion of various forms of simple organizations dedicated to survival and security, about leadership styles, and about the forms of control intrinsic to organizations. As such it is an effective device for inquiring into issues such as the "necessary" conditions of organizations and management in any context, and how they may be justified. The book is also highly literate and fascinating to read, and

on this basis alone, it deserves to be part of a management program.

1. Organization

Read Watership Down, Parts I and II.

Consider:

What values are necessary for the rabbits to survive together? Tradition (legend)? Roles (leadership, cleverness, insight)? Communication (mutual trust)? Control (predictability of behavior)? Authority (some rabbits have influence over what others do)?

What "roles" and "rules" made the Watership Down Warren possible? Are they the same as those that helped the rabbits survive their trip?

2. Purposefulness

Read Watership Down, Parts III and IV

Consider:

What is the purpose of a warren? How would you distinguish between a "good" and a "bad" warren (compare the Sandleford Warren, the "kept" warren, Watheship Down and Efrafa)? Which is the most important purpose: security--including economic and material benefits--or survival? Is

security parasitic on more basic organizational values?

3. Individual and the Organization

Consider:

Are the individual needs of the rabbits and the organizational needs of a warren consonant? Are there individual behaviors that the Watership Down Warren could not tolerate? How would you define what they are?

4. Organization and Environment

Consider:

What kinds of responses did organizations make to environmental factors throughout Watership Down?

Assignment 1:

White a brief paper (3-4 pages) on: What values are realized in the "better" organization(s) described in Watership Down--intrinsically? extrinsically? as ends? as means?

C. Value Issues Intrinsic to Organizations and Management: Second Cut

1. Conceptions of Purposefulness

a. Organizational Definitions of Effectiveness/Efficiency Lecture: On the Variety of Reasons Organizations Give for Existing

- Providing a Service
- Making a Profit
- Surviving
- Satisfying Organizational Members, etc.

Read: (note--the first two papers below may either be assigned, used as a basis for the foregoing lecture, or both.)

1. "Measuring Organizational Effectiveness in Institutions of Higher Education," by Kim Cameron.

   This paper provides the most concise and complete review currently available of the various means for conceptualizing and measuring the effectiveness of organizations. It suggests the extreme variability of the concept in the organizational literature, but also suggests the variability of measuring organizational effectiveness or purposefulness in actual organizations.

2. "Organizational Goals - The Status of Theory and Research," by Francine S. Hall in Managerial Accounting: The Behavioral Foundations, ed. J. L. Livingston.

   A well-organized discussion of the distinction between real or operative goals and official or stated goals in organizations. This article

also presents a useful typology of the different types of goals pursued by organizations.

3. "Organizational Death Watch," in Kanter and Stein.

   A discussion of how organizations die and how they may do so gracefully. Emphasis is given to the natural urge for organizational survival despite "decay" and the tragic consequences of this misrepresentation.

4. "Termination at Baker Plant," in Kanter and Stein.

   Though apparently profitable, Baker Plant is closed because of central office decisions not clear to the local manager. Despite this ambiguity, the manager attempts to elevate human values above decaying organizational standards.

b. Societal Definitions of Effectiveness/ Efficiency

Read:

1. "Pioneer or Rapist: The Ethical Implications of an Open System Perspective

in Organizational Theory," by David D. Dill.

Suggests a systematic bias in that organizations are assumed to be influenced by their environments rather than the other way around. If organizational insights were to be correctly applied they would offer a conceptual basis for social responsibility.

2. "Life in Politicized Environments: Interdependence, Responsibility and Skullduggery," in Kanter and Stein.

   A discussion of the various internal and external "stakeholders" and constituencies in organizational life and of political means of dealing with these constituencies: positively through participation, and negatively through organizational skullduggery.

3. "Running the San Francisco City Planning Department," in Kanter and Stein.

   A first-hand account of a professional director of city planning. He

reflects on the number of groups with which he had to manage relationships in order to do his professional work, the quality and kind of relationships with each, and ultimately what made the difference in whether the City Planning Department could do its work.

4. "The Bagman," in Kanter and Stein. An account of the Special Review Committee to investigate Gulf Oil's political contributions. Are the accounts of secret and illegal political dealings by some executives a necessary result of autonomy from stakeholders in private corporations? If so, what is the appropriate balance in determining organizational purpose?

2. Conceptions of Organization

   a. The Issue of Organization Control: The Value Dimensions of the Human Relations Approach

Read:

1. The Social Psychology of the Work Organization, by Arnold S. Tannenbaum.

   A short but useful treatment of the research basis for the human relations approach to management. Reviews the individual in the organization, personal adjustment and conflict, the work group, and various means of achieving worker participation.

2. "The Structuralist Critique," by Amitai Etzioni, pp. 41-49, in Modern Organizations.

   A critique of the human relations school of management and its concept of harmony. Suggests the inevitable strains, which can be reduced but not eliminated, between organizational needs and personal needs.

3. "Notes on Power Equalization," and "Human Relations, 1968 Style," by George Strauss.

   The most penetrating and wide

ranging criticism of the human relations approach to appear. Playing the role of a devil's advocate, he systematically questions such assumptions as harmony, need hierarchy, conflict resolution, and the desire for participation that are characteristic of the human relations school.

4. "Collegiality and Control in the Academic Community," by Joan C. Tonn and Patricia L. Wilkie.

   Argues that collegiality in the academic community is a "managed illusion" promoting wide-spread conflict and disillusionment. It explores the ways in which current administrative practice differs from the collegial ideal, but at the same time uses the ideology of collegiality to justify the exercise of power in attempts to control faculty behavior.

b. The Individual and Group in the Organization

Read:

1. "The Problem and a Theoretical Framework," by Jon H. Barrett, in Individual Goals and Organizational Objectives.

   An introduction to the nature of the relationship between individual human beings and social organizations. Offers three models: the exchange model, the socialization model, and the accommodation model as means of integrating the goals of individuals and organizations. Indicates the supposed advantage of each model.

2. "Making a Life at the Bottom," in Kanter and Stein.

   Discusses worker reactions to organizational life: boredom, monotony, lack of power, sabotage, unionization. How people invest in life at the bottom of organizations and what alternative structures exist.

3. "Why Should My Conscience Bother Me?" by Kanter and Stein.

   The dilemma of the ethical engineer in the B.F. Goodrich air brake "scandal". The choice between organizational

loyalty and personal integrity, the delicate interplay between individuals and organizations.

4. "The Lordstown Auto Workers," in Kanter and Stein.

   The story of the Lordstown, Ohio, Vega plant and the "new breed" of alienated younger workers who supposedly would no longer stand for meaningless, robot-like assembly line work.

5. "The Gender Pioneers: Women in an Industrial Sales Force," in Kanter and Stein.

   Data from extensive interviews, group discussions, and meetings with new women employees on the sales force of a major American corporation, their male peers, and a variety of managers. The paper considers the problems women as a group face as "outsiders" trying to survive in the organization.

6. "Professionals in Organizations and Line-Staff Relationships," pp. 380-409, in Alan C. Filley, Robert J. House, and Steven Kerr, Managerial Process and Organizational Behavior, 2nd edition.

   This chapter reviews the problems of

professionals in organizations, the sources of professional values, the tensions and conflicts that inevitably occur between professionals and organizations, and some of the managerial techniques for dealing with these problems.

Assignment 2:

Write a brief paper (3-4 pages) on: Reflecting on the readings we have discussed, what would you advance as the moral minimums necessary in any organizational setting?

D. Value Issues Intrinsic to Organizations and Management: Third Cut

The section which follows reflects the belief that organizations embody certain unique norms and values in addition to those values curious to organized systems. If we were to contrast Antioch College, I.B.M., and H.E.W. as organizational communities, the differences in their norms and values would be obvious. Less obvious is that within classes of organizations--corporations, public agencies, academic institutions--individual organizations may have distinctive stories, or cultures. That is, the

organization itself through the thought and life styles of an evolving group may embody certain values. These norms or values are developed over time and can critically influence what is deemed "good" and "bad" in a particular context.

1. The Culture of Organizations

"The Organizational Saga in Higher Education," by Burton R. Clark.

Clark suggests that certain organizations develop "organizational sagas"--a coherent set of openly expressed convictions about a formal group. These convictions assume unique achievement by the organization, are grounded in its history, and are held with feeling by group members. Sagas are expressed as a generalized tradition in ceremonies, written histories, and in the various means of sharing memory and symbolizing the institution. An organizational saga is a valuable resource in that participants become ideologues, and their common definition becomes a foundation for trust and for extreme loyalty.

2. "Growing Pains," in Kanter and Stein.

The problems of evolution and growth in organizations, particularly their human impact. The chapter reviews the problems of integrating new people into an existing organizational culture and also presents various theories of organizational growth and development.

3. "The Company Family: The Early Years of the Andrews Winery," in Kanter and Stein.

Snapshots of a small but highly successful company at two times in its early history which points out the human problems it had to solve at each stage. The Andrews Winery was the product of Bill Andrews' founding genius. But he had to find a way to make into a stable business what began as a kind of quasi-family with Bill as the father.

Assignment 3:

Alternative A: Field Research Assignment

See Introduction and Appendix 1.

Alternative B: Analytic Paper

Read one of the following books: The Distinctive College, by Burton R. Clark; The Sun Never Sets on IBM, by Nancy Foy;

TVA and the Grassroots, by Philip Selznick. Then write a paper (10-15 pages) in response to the following questions:

1. What are the values "at work" in the organization? (For a series of specific questions see Field Assignment; Appendix 1.)
2. Having defined these values, how do they relate to the way organizational purpose is defined? to the organization's relationship with its environment? to the form of control that is used? to the definitions of individuals' participant loyalty and individualism?

1. The Distinctive College, Burton R. Clark.

Clark traces the evolution of three distinctive college "sagas": Antioch, Reed, and Swarthmore. All three cases provide a rich feeling for the history and dominant individuals in these communities and also provide an almost tactile sense of the values of these colleges.

Reading one of these cases would be sufficient for the suggested exercise.

2. The Sun Never Sets on IBM, Nancy Foy.

This history of IBM reflects the values of its founder in both its business decisions and its personnel policies. The exposure and development of the corporate mind-set of IBM in relation to its employees and the cultural contexts of its operation are well developed. These include the socialization policies, the organizational paternalism, and the methods of intraorganizational mobility facilitating both career development and the redistribution of misplaced or miscalculated abilities.

3. TVA and the Grassroots, Philip Selznick.

Selznick traces the historical development of the Tennessee

Valley Authority stressing its unique socialist orientation. Its doctrine of grass-roots involvement and control in the recreation, forestation, and farming programs led to powerful local and national interests achieving control of the agency and subverting these goals. Similar to the San Francisco City Planning Agency, it suggests the problem public agencies have in preventing "stake-holders" from coopting the organization. A classic study of organization and environment.

Appendix 1

COURSE PAPER

A major aim of this course is to help you understand the culture and values of academic organizations. This will be accomplished largely by discussion and reading. An important additional learning experience will be to examine the values of an educational institution of interest to you.

Focal Organization

The institution to be studied may be one you know well (i.e., where you have gone to school, or worked), or an institution like one you expect to be affiliated with (i.e., as a faculty member, staff member, or administrator). If you have attended a women's college you may wish to study it; in contrast, you may aspire to a position in a public community college and therefore may gain more in studying the culture of this type of institution.

You need not study an entire institution. For example, a law school or medical school may have its own history and "culture," recognizably different from its parent university, albeit affected by it. The focal organization, however, must be either an academic institution or an academic sub-unit; the study of an administrative sub-unit offers limited

insight into the values of academic institutions.

Organization of the Paper

Whatever institution you choose to study, try to think through the following questions:

1. Can you specify or describe the explicit values "at work" in the institution? Put differently, what does the institution state as its purpose, commitment, reason for being? Are some of these values seen as being the means to achieving other values? (I have attached a page listing some values which may help you get started).
2. Can you describe the implicit or underlying--perhaps unconscious--values "at work" in this same institution? For example, what do you see as the most important determinants of this institution's day-to-day decisions? Or is there no distinction between the explicit and implicit ones?
3. Do different values become operative when the institution is faced with morally complex or controversial decisions? Where its values conflict, how does the organization choose between them?
4. Do you know how these values are adopted or

incorporated into the institution? Have these values changed--or have the priorities among them changed in the past five years? How deeply rooted are these changes? Do you expect any of these values to change in the next five years? Why?

5. When they have changed, why have they done so? Because of "outside" pressures (e.g., changes in law or changes in the demands of outside "publics" or "constituencies" on which the institution relies)? Because of changes in its relationship to competitive institutions? Because of changes in faculty expectations?

You may utilize any format for the paper you wish as long as you provide clear narrative of the existing institutional values, how they developed, and the extent to which they may be under strain in the future.

Field Research Approach

The project is not a library paper although you may use various books and papers in its preparation. Rather it is a piece of field research in which you attempt to understand the culture of an organization through direct observation. Your primary data sources should be interviews with current members of the institution, and particularly with individuals who

have known the institution for a long time. Keep an eye out for books, articles, or newspaper stories which may be valuable background or narrative material.

Institutional values, culture, etc., may appear to be "mushy" terms which enable the investigator to write freely and generalize rapidly. This paper should be no less rigorous than one reporting a scientific experiment, or one which analyzes quantitative data. In fact, it should be more rigorous, because great effort is needed to prevent projecting your own biases and values onto the institution you are seeking to understand. Every effort should be made to collect information, analyze it, and present it as objectively as possible.

Paper Plan

A one-page plan of the paper will be submitted indicating the focal institution chosen for study, the various activities necessary for the completion of the paper, and time estimates for these activities.

Paper Abstract

An abstract of one hundred words will be submitted in a form suitable for distribution to the class members and will serve as the basis for discussion during two class meetings.

SOME VALUES

- honesty
- efficiency
- human dignity
- profitability
- fidelity to past practice
- public acceptance
- human development
- truth
- avoidance of public criticism
- competitive advantage
- satisfaction of the predilections and desires of the institution's highest officials
- law abidingness
- participation of those affected in decision making
- remaining abreast of the times
- the needs of the disadvantaged
- responsiveness to constituent demands (e.g., consumer satisfaction)
- survival of something like the current institution
- public welfare
- progress
- growth
- reducing harm
- respect

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IV. BUSINESS ETHICS

A Suggested Model for a Six Week Course

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INTRODUCTION

I. Type of Course

The course outline presented here is intended as non-credit and of short duration for people in business. At the outset I wish to make clear that the people who take this course could be enrolled in full-length quarter or semester courses or degree programs. I take the particular assignment that I have been given, though, to be the design of a "short course" for people heavily engaged in their business life who lack the time to pursue either a degree or full credit courses. There are two or three other course outlines being developed for this project that would be quite appropriate for the person who has more time to invest. It is important to underscore that there is no intention to denigrate the intellectual capability of the participants in this "short course."

The course outlined here could be used by a random assortment from a variety of types of business, but the design is shaped in such a way that it is anticipated that the likely audience will be from a single large corporation or executive level employees of businesses within a single industry, such as manufacturing and production or banking and finance. The course outlined is structured in such a way that

changes in the materials and problems discussed could easily be made to respond to some other segment of the business community.

II. Type of Student

The course outline presented here is intended for upper and middle level management personnel who have at least a college level education. Many of the participants will have had some post-baccalaureate education, and it is quite possible that a large number will have had a professionally oriented bachelor's degree rather than a bachelor of arts with a major in one of the liberal arts field. As a result, the course materials are chosen with the expectation that there has been little if any formal background in philosophy and ethics or in public policy analysis. My own experience in teaching medical ethics to undergraduates and professional students, as well as my teaching experiences with people from business and industry, confirms for me the reality that many professionally oriented or trained students simply do not have a background in the formal study of ethics and ethical analysis. In consequence, it is necessary to be comfortable with, or completely understand, the normal reading materials used in ethics courses unless a choice is made to choose either to focus wholly on the material in ethics, or on its application to

specific problems, or the relation of ethics to the individual's professional life. I feel strongly that the latter course is preferable for most situations when the duration of the course is limited. Accordingly, materials for the course have been chosen in such a way to try to avoid a great deal of technical language and to utilize those materials which are most easily related to professional life.

The specification that the course is designed for management personnel is in order to include within the course both personal and corporate responsibility questions that are appropriate to decision makers. I am presently involved in a project for first-line supervisory personnel who have absolutely no involvement in decisions or dealings with customers, governmental agencies, local politicians, shareholders, or directors. A course that would be appropriate for non-management personnel would need to have a quite different shape and content than the course that is being proposed here.

III. Time and Resources

This course outline is intended for utilization by numerous small groups in management seminars or short courses with recognition that there will be only minimum time devoted to preparation for each

session. Accordingly, the assigned reading materials are exclusively articles from journals or chapters from books that could be reproduced for the program. Additional resources in book and journal form will be recommended, but it is my firm belief that the resource material should be geared to a realistic assessment of the time demands on the course participant.

IV. Definition of Terms

I have labeled the course simply Business Ethics. The content of the course deals with matters related to business ethics and corporate social responsibility of a special kind. To my mind, there is considerable confusion over material that falls under the rubric of corporate or business social responsibility. It is that confusion that I am trying to avoid. I want to include those areas of responsibility that are specifically related to the major business decisions and actions of the particular corporation or type of industry. This includes, of course, many things covered in business and society courses, such as, impact on the environment, affirmative action, consumerism, etc. What I want to exclude, are those types of involvement of various businesses in social matters not directly related to the functioning of the business. The clearest example of what I mean

here is the kind of discussion of the social responsibility of business as described in a Council of Economic development monograph on social responsibility which deals with such things as charitable giving, activities designed to improve recreational facilities in the community, and participation in political and social activities designed to change discrimination patterns in housing or schools, etc. I am aware that the line being drawn here is not one in which there is an absolutely clean distinction, but for the purposes of this course I want to avoid most of the discussion around whether it is appropriate business for business to get involved in things that do not directly pertain to the precise function of an organization, which is producing goods and services. Whether Sohio agrees to expend some 80 million dollars on various kinds of scrubbers and other pollution controls in order to obtain final clearance on building a refinery in Long Beach harbor is a business decision. On the other hand, decisions on whether to donate substantial sums to universities, fund drug abuse programs in the Los Angeles area, or support various juvenile delinquency programs might in some remote way have impact on the corporation, and would certainly affect the climate in the community, but are not precisely business decisions.

BUSINESS ETHICS -- SIX WEEK COURSE

Option A: Focus -- Personal and Corporate Responsibility in Manufacturing and Production Industries

Six Sessions, once a week, three hours each session

WEEK 1 ETHICS AND BUSINESS

Purpose: To introduce participants to a basic understanding of ethics and the nature of ethical dilemma; to get them involved in the course very early by reviewing some of their own dilemmas; to look at the changing environment in which business operates; and to take an initial look at the content of a code or credo on business ethics.

Session Outline: Week 1 -- Ethics and Business

I. What Ethics Is/Is Not

A. What Business Ethics is--scope of the course

1 1/2 hrs. B. Examples of ethical dilemmas in decision-making

C. Participant contribution of ethical dilemmas they experience (around the table, 2-3 minutes each)

II. The Changing Climate in Which Business Operates

A. Societal changes

20-25 minutes B. Patterns of response

C. The doctrine of Strict Liabilities

"Seller Beware"

III. Johnson & Johnson videotape--"The Credo"--15 minute study of two day sessions by top executives of a large corporation to review from decade old ethical guidelines

45 minutes Group discussion: Tentative suggestions for items to include on Credo stating values and obligation for individuals and corporations in the manufacturing industry

Assigned Readings:

Chatov, Robert. "Corporations, Economics, Legitimacy, and Fear," Business in Society Review, No. 15 (1975).

This article might be a useful one to spur some discussion, perhaps in conjunction with an article such as the one by Theodore Purcell, entitled "A Practical Guide to Ethics in Business." Chatov comes out and says that we should not talk about "oughts". "Morality and ethics are hardly important business variables." Rather, economics, power, and legitimacy as given in the law are the important variables that determine corporate behavior. If we want to change the quality of corporate behavior, he says, we need to change the law.

Davis, Keith. "The Case for and Against Business Assumption of Social Responsibility." In Social Issues in Business. Ed. Fred Luthans and Richard M. Hodgetts, 2nd ed. New York: Macmillan, 1976, pp. 63-103.

This is a very useful summary of the major components of the case for and against business assumption of social responsibilities. The article begins with a useful summary definition of social responsibility. Davis says, "The concept of social responsibility is not an easily defined one. For purposes of this discussion it refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm's obligation to evaluate in its decision-making process, the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks. It means that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good

citizen would do. A profit maximizing firm under the rules of classical economics would do as much. Social responsibility goes one step further. It is a firm's acceptance of a social obligation beyond the requirement of the law."

This is a very explicit and clear statement of the definition of responsibility and how it is distinguished from legal requirements. The strength of this brief article is that in short it summarizes six or eight arguments both for and against social responsibility of the kind Davis defines. The weakness of the article is that all of the pro-social responsibility arguments are put in terms of self interests through image building, avoidance of government regulation, etc. Although self interest is valuable as encouraging certain kinds of action and also valid as either a personal or corporate type of expression, we would also look to other grounds for the development and expression of responsibility.

Noll, Lawrence W. "Ethics and the Business Man." In Social Issues in Business. Ed. Luthans and Hodgetts.

This brief article gives a clear lay

definition of ethics centered on the judgments of what is right and what is wrong and conclusions regarding what ought to be instead of what is. He goes on to define business ethics as an attempt to develop and apply basic principles in the area of human economic relations. The most useful part of this brief article is the ethics test that he gives on the final page. Noll introduces the test by saying, in the light of a number of unsavory and questionable actions by business, if those examples are representative, then we need more regulation. He says, though, that "more regulation by government is really not the answer. Rather, self regulation by the executives that set policy for a company." He then cites a 7 part test to determine whether a specific action is ethical or not.

This ethics test might be a useful basis for discussing particular decisions and then determining how the participants in a course would attempt to amend that particular list.

Moskowitz, Milton. "Profiles in Corporate Responsibility: The Ten Worst, The Ten Best." Business and Society Review, No. 15 (1975), pp. 28-42.

This article is important as a teaching tool in

several ways. Moskowitz lays out what he considers to be the ten best and ten worst corporations in terms of their performance under considerations of being socially responsible. He begins with the ten worst and gives a profile on why each one is selected. The profile on the ten best is a bit briefer than that on the ten worst. This article could be a very useful teaching tool in getting people in business, or students, to evaluate particular kinds of performance, agree or disagree with Moskowitz's assessment of the particular action in terms of whether it was responsible or not, and assess various kinds of behavior as being legitimate or illegitimate.

This could also be useful as an introduction of a discussion on what constitutes ethical behavior and, very important, that there are very different patterns of performance among different corporations.

One more useful thing about this article is that Moskowitz includes a list of sources, both periodicals and organizations, that are available to gather information on what different corporations or segments of the business community are

doing. Moskowitz is a senior editor of Business and Society Review, and each issue gives a rundown on what has been happening on the social responsibility front under the heading of "Corporate Watch."

Purcell, Theodore V. "A Practical Guide to Ethics in Business." Business and Society Review, No. 15 (1975), pp. 43-50.

This article may be useful for people in business not familiar with the study of ethics in that it provides a clear, basic definition of ethics. Also, he disputes the idea that ethics are too personal to apply to the corporate setting. This is an important discussion, in that too often one hears the statement that there is such a discrepancy between the individual and the large organization that the standards that one might use in one's own life are of no use within the corporate setting.

The article concludes with a very useful section on how to apply ethics. This might be introduced to a seminar or class involving people from business with some application to one or two problems or cases.

WEEK 2 DEFECTIVE PRODUCTS: The Nature of the Problem

Throughout this course we will use the Ford Pinto as the basic focal problem, although we will not use it exclusively.

The high propensity of the Ford Pinto to become enveloped in flames following a rear end collision has attracted a great deal of attention in the last year or two. The assessment of punitive damages (requiring a judgment of outrageous behavior) by a jury in California and indictment on criminal manslaughter in Indiana are indications of the seriousness of the problem. These cases, and others, are still being tried or appealed, which means that a final judgment on whether Ford's decisions and actions were ethical or unethical cannot yet be made. There is enough information and material available, though, to provide a very good problem area for analysis, and the fact that there are still loose ends and unanswered questions makes it a fruitful problem for people in product design and manufacturing to consider.

Purpose: This session will introduce participants to questions and problems surrounding the development and production of the Pinto and raise initial

questions about what the responsibility of the Ford Motor Company was at various points in the Pinto's history. Perspective will be added to the problem by reviewing three other major cases. We will begin to examine two levels of responsibility: that of the design and safety engineers, and that of the company.

I. The Pinto Story

A. History of marketing and development of the Pinto

1 hr. B. Grimshaw v. Ford, an assessment of punitive damages

C. Fact sheet and specific problems

Cost benefit-analysis

Known fuel tank integrity problems and alternative designs

D. Unanswered questions--what should they have done?

(Discussion and initial listings of questions and responses)

Break

II. Analogs

A. BART and the automatic braking system (Bay Area Rapid Transit System)

B. GE Nuclear Reactors and adequacy of safety design

C. The Goodrich brake case and a defective aircraft brake

Each of these cases represents situations in which design engineers raised questions about safety related defects or what they perceived to be inadequate design. In the BART case, they were fired; in the G.E. case, they resigned to "go public"; in the Goodrich case, the individual was forced to sign falsified reports or resign.

D. Discussion on what individuals and corporations should do in these types of cases--specification of the unknowns

Break

III. What is (should) Business to do? Discussion of the problems raised in a Pinto-type case. Reference to Duncombe and Beebe assigned readings and the question that arises about corporate-industry role/responsibility in introducing safety improvements. Consideration of costs and perils in a competitive market.

40 minutes

Assigned Readings:

Schmitt, Michael A. and William W. May. "Beyond Products Liability: The Legal, Social, and Ethical Problems Facing the Automobile Industry in Producing Safe Products." Wayne State Law Journal, forthcoming.

This article examines the accuracy of the law in

dealing with cases like the Pinto where defective design is a crucial factor. The authors have reviewed court documents in Grimshaw v. Ford, in which $125,000,000.00 punitive damages was awarded by the jury, and they have developed a fact sheet that gives shape to the question of personnel and company responsibility. The article concluded with suggestions for regulatory control as well as independent steps to be taken to fulfill responsibility. This material will serve as background and resource throughout the analysis of the Pinto situation.

Bowie, Mark. "Pinto Madness." Mother Jones, Sept. - Oct. 1977, pp. 18-32.

This article is in the genre of an exposé and is flawed by faulty figures, especially over the number of burn deaths. Nonetheless, it provides a useful review of the serious problem the Pinto presents and represents a strong advocacy position for strong action against unsafe products, while bewailing the impotence of the government and assailing the resistance and avoidance on the part of Ford. For responses to the article, articles from the New York Times will be provided.

Duncombe, Henry, Jr. "Business Responsibilities and Auto Design: The Decision-Making Process." In Business Responsibility in Product Design and Manufacture, Proceedings of a Conference. March 2, 1978. Council of Better Business Bureaus, 1978, pp. 55-65.

Duncombe is Vice President and Chief Economist of General Motors. He also serves on a number of committees related to economic research. The thrust of Duncombe's article is that the vote of the customer in the automobile purchasing decision is the ultimate discipline affecting the auto companies. He points to some of the fickleness of the consumer and uses the example of the turn to small cars during the Arab oil embargo in 1973 with a return to a demand for larger cars as soon as the embargo was over, along with an economic improvement in the country. He talks about the efforts of the automobile companies to respond to the government mandated standards on emission control and auto efficiency and the tremendous expense involved in these changes. In some instances he says that they are too costly and argues that they should be carried out only to the point where they are cost-effective and cost-beneficial. He also points out that consumers can choose

not to buy and decide to maintain older, larger less efficient cars which leads to both fuel inefficiency and unemployment,

There are two interesting things about this article. (1) In keeping with what has been said so far, he concludes that the manufacturer cannot dictate product choice or use. The business can only attempt to assess individual and societal demands in the future. In this sense, he sees business as a responsive. (2) Duncombe has a very interesting comment on General Motors' decision-making process. He talks about GM's philosophy of "decentralized operating responsibilities with coordinated policy control," which was developed in the 1920's. He talks about the rationalization of the decision-making process and says the following: "over-all objectives and principles are determined by top management, based on information flowing up from all levels of the organization. These policies are the corporation's objectives but the decisions for implementing them are the responsibility of operating managers and technical staffs. This uses their talents most effectively and gives them the widest scope to initiate ideas and capitalize on opportunities. This assignment of decision

responsibility within broad corporate policy guidelines has been the cornerstone of GM's success over the years. It has become even more important in recent years as the technological demands have increased."

The interesting point about this decision process within GM is that it assigns responsibility to those people with the most knowledge in particular specialty areas. If we compare this to the Ford Pinto case, the contrast is striking. Ford, in its defense, in its appeal to the punitive damage decision in Grimshaw v. Ford where a $125,000,000.00 punitive damage was assigned by the jury, argued that there was no evidence that any of the officials having power to bind Ford legally, meaning its top executives, knew that there was a gas tank of questionable design., The application of the GM model would mean that responsibility would be delegated on the part of the corporation or company to the design engineer or chief test engineer.

Beebe, Leo C. "Automotive Design Responsibility in a Changing Market." Responsibility in Product Design and Manufacture. Proceedings of the Second Panel Discussion of the Council of Better Business Bureaus entitled "Business Responsibility in Product Design and

Manufacture." 2 March 1974. Washington: Better Business Bureau, 1974, pp. 83-91.

Beebe was an employee of the Ford Motor Company for well over two decades before taking an academic position. Essentially he argues that the automobile industry has done a good job; that safety and economy in cars was something that was tried and was found unsuccessful because consumers have little or no interest in small cars or safety features. He then moves on to talk about the increasing cost of conforming to various governmental regulations for pollution control, safety, etc. The burden of his presentation is that decision-making has been taken out of the hands of the companies, and tremendous costs are incurred by the companies and passed on to customers. He feels that there has been an over-reaction and that we essentially have a form of socialism in that dictated changes require expensive costs that are passed on to the customer.

Despite his strong support for the automobile industry, he ends with two very interesting comments. (1) "In retrospect, why couldn't they (the auto companies) have gotten together in the AMA or SAE and acted in their mutual

interest as well as their customers. I cannot believe they could not have taken action in concert on safety and emissions, hopefully establishing better standards and a more realistic timetable than the one forced on the industry by the regulators." (2) "If we don't want more government regulation--more strangulation--we'll have to regulate ourselves. The only alternative to government regulation is self regulation."

This is a most interesting statement about the necessity of business taking upon itself the responsibility to provide leadership if only for the purpose of self defense and self interest.

WEEK 3 Cost-Benefit Analysis and the Value of Life.

Purpose:

In this session we will examine one specific dimension of the decision to produce the Pinto despite evidence that there was a serious problem with the gas tank design. A cost-benefit analysis was used to decide whether to use one of two or three alternatives to the original gas tank. Documents available from Grimshaw on the decision provide the basis for a discussion about ethical

dimensions of economic decisions. Cost-benefit analyses are legitimate and defensible, but the specific use of figures and the way in which lives are valued raises non-economic questions that must be addressed.

I. CBA as an analytical tool where life and limb are involved

45 min.

A. Review of some of the approaches used in CBA to quantify life

B. Focus on some of the difficulties of quantification when dealing with intangibles

C. Discussion of the morality of CBA when safety of life and limb are involved.

Questions: Is use of CBA justified when life is involved? Who should set the value of life? What is an acceptable C-B ratio before going ahead?

II. CBA and the Ford Pinto: Are there any REAL numbers?

45 min.

A. Comment and analysis on Ford internal memo on fatalities from crash induced leakage and fires

B. Alternative C-B figures using Ford figures for alternative design

C. Discussion on numbers and morality

BREAK

III. Policy Formation.

1 hour. Small groups develop guidelines on utilization of CBA in situations involving safety and serious risk to life or of bodily injury.

Present to full group for discussion

Assigned Readings:

Schmitt-May, op.cit.

Especially the citation of court testimony in Grimshaw about the cost of alternative fuel tank design or placement

Grush, E.S. and C.S. Saunby. "Fatalities Associated with Crash Induced Leakage Fires." Grimshaw vs. Ford, Superior Court, Santa Ana, 1976, Vol. II., pp. 848-850.

This three page memo by two members of the Impact Factors group at Ford provides a fruitful and realistic insight into the application of cost-benefit analysis in a case involving death and injury.

This memo provides a basis for raising questions about valuing life in such decisions and what ratio of cost to benefit renders a design change impractical. The memo, with the alternative cost figures provided in Grimshaw, also provides very

interesting materials on how figures may be manipulated to achieve various conflicting conclusions.

Zeckhauser, Richard. "Procedures for Valuing Lives." Public Policy, 23, No. 4 (1975), pp. 419-464.

A very thorough review with a very useful section (433-435) on alternative approaches usually used to set a value on life. (Probably only selected pages assigned)

Mishan, E.J. Cost-Benefit Analysis. New York: Praeger, 1971. see especially Chapter 22, "Loss of Life and Limb," pp. 153-163.

Mishan may be the most cited author on cost-benefit analysis. Although this chapter is somewhat technical, it assesses some strengths and weaknesses of various approaches.

Munby, Denys. "Morals and Measurements" (sub-titled Christian Ethics and Cost-Benefits Analysis). Commonweal, 17 Dec. 1971, pp. 271-275.

Munby points out some of the difficulties in setting a quantifiable or dollar value on intangibles, such as beauty, sports, and life. Nevertheless, he thinks that it is better to make the attempt than to avoid it, and he argues that cost-benefit analysis is a valuable tool that Christian social ethicists should be aware of. He ends with a

call for the ethicist to take CBA seriously.

Self, Peter. Econocrats and the Policy Process. Boulder, Colorado: Westview Press, see especially Chapter 4, "A Critique of Cost-Benefit Analysis."

This whole book is devoted to trying to expose the attempt to use CBA and intangible values, such as life, as a fraudulent effort. It provides a very good balance to the other materials.

WEEK 4 PERSONAL RESPONSIBILITY: The Design Engineer

The purpose of this session will be to examine the role and responsibility of the individual involved in a complex process in a large corporation. The individual, such as the design engineer, may be faced with conflicting loyalties, incomplete information, jeopardy to his/her job and professional future when a defect is discovered and not corrected. We want to examine both the moral responsibility and structural changes to provide more likelihood that the responsibility will be fulfilled.

I. The individual in a Complex Organization

A. The Code of Ethics of Professional Engineers; Serving two masters--responsibility to the employer and to the public

1 hr.

B. BART/GE/Goodrich/and Pinto

- assessment of the pressure on individuals
- identification of the complex factors that impact on a decision
- is personal sacrifice or act of courage always required?

C. Discussion of the situation of the individual

Small groups - set out guidelines on what the individual shall do.

Break

II. Whistle-Blower: Hero or Squealer

A. Review of some celebrated cases of whistle-blowing and what has happened

30 -40 minutes

to individuals

B. Cultural and societal responses to the whistle-blower

C. Whistle-blowing as a last resort

III. To Protect and To Encourage: The Two-Edged Need

A. Small group formulation of suggestions on policy, structure, regulation, how

1 1/4 hrs.

that will:

1. Protect the individual who is trying to stop development and marketing of a defective product and

2. Encourage individuals who have knowledge of defects to act on that knowledge for the public good.

Assigned readings:

Schmitt and May,

Testimony in Grimshaw demonstrates that Ford personnel were aware that design defects were present. They designed and tested alternative placement of the tank and a polyurethane bladder inserted in the tank. Both designs were more effective against rupture and fire. Both were more expensive.

Code of Ethics for Engineers. National Society of Professional Engineers, Publication No. 1102 as revised, July 22, 1978.

The first two sections of the Code specify responsibility to the employer and to the public. Section 2 says, "He will regard his duty to the public welfare as paramount."

Vandiver, Kermit. "Why Should My Conscience Bother Me?" In In the Name of Profit. Ed. Robert L. Heilbroner. Anderson, Indiana: Warren Press, 1973, pp. 11-33.

Vandiver tells the story of the development of a defective brake for the Air Force by B. F. Goodrich company. The author participated in the process of deception and then finally exposed it. Interesting case of the pressures

and politics that might lead to a whole team of people participating in producing a defective product. It also demonstrates the fact that the whistle-blower is often the one who loses.

"The Whistle Blowers," Time, 17 April 1972, pp. 85-86.

WEEK 5 CORPORATE RESPONSIBILITY: A Realistic Goal?

Purpose: This session focuses on the nature of company responsibility when a defective product is discovered either in the design phase or in the post-production phase. In the Pinto case, there is evidence that design engineers and impact safety engineers knew of problems, but the senior management claims that it was unaware. Even if that is granted, questions remain about how the decision makers remained uninformed and about the delay of six years from first production to a change in design. Ford did not issue a recall until eight years after first production. Lead into discussion about ways to encourage or insure greater corporate responsibility.

I. When Things Go Wrong: Can we leave it to the Corporation?

A. Firestone and its Radial 500

1 hour Review of the problem that developed

and the way in which the company responded

B. Pinto case. Discussion on whole group of several decision points when ethical dilemmas were posed: (1) when results of crash-testing and alternative designs were known, (2) when reports of accidents and propensity to burn came in, (3) on the timing of when to change design, and (4) on when to issue a recall.

--Group assessment of the dilemmas and decisions taken at each point

--Were decisions responsible? If not, what should have been done?

II. The Culture of the Corporation.
(Possible use of a film here in lieu of the following.)

30 min. A. A.T. and T.--The structured society

B. The reward system
The problem presented, at all levels, by the premium placed on short-term performance assessment

C. When ignorance is bliss
Legal defense of not knowing, at the

top; not being capable of understanding (MER 29); no malicious intent

BREAK

III. To Whom is the Corporation Responsible?

20 min. A. Identification of multiple loyalties, loci of obligation

Evaluation of relative strength, priority, importance

How do consumers and the public fare here?

IV. Responsibility: How to Structure or Encourage

1 hour Small group formulation of ways to encourage or insure corporate responsibility to the public or community

Brief report back to the entire group

Assigned Readings:

Bennigson, Lawrence A. and Arnold I. Bennigson. "Product Liability: Manufacturers Beware!" Social Issues in Business. Ed. Luthans and Hodgetts, pp. 416-432.

This article traces the change in product liability from caveat emptor to caveat venditor--from buyer beware to seller beware. The interesting part of the article is a brief review of two cases. In one case, reports of consumer injury were overlooked--filed--or discussed in the context of the following directions. The company continued

to ignore adverse reports until a $200,000,000 damage suit was filed. The company lost years of profit in the process of fighting court suits, paying damages, and redesigning the product. In the second case, safety was built in as basic requisite for successful product development, and several steps were made to raise industrywide standards, inform consumer groups, and improve legislation in the area. The authors then make a series of comments on practices that lead to trouble in product development and conclude with an analysis of effective approaches that can be used to avoid the potential dangers they have detailed. The article is a brief useful summary for the person who is not directly involved in product design. One useful feature is a graphic display of the causes of safety and liability problems (p. 423).

Duncombe, op.cit. Week 2.

Duncombe has an interesting passage in the article about how responsibility is delegated to those people who have the knowledge in particular specialty areas.

Hay, Robert and Gray. "Social Responsibilities of Business Managers." Social Issues in Business. Ed.

Luthans and Hodgetts, pp. 104-113.

This useful brief article outlines three historic phases of the concept of social responsibility of business managers. Although the authors see a developmental process, it is important to note that they see all three phases represented among todays managers. The authors first define the three phases: phase 1--profit maximizing, phase 2--trusteeship management, phase 3--quality of life management. The authors then point out that each of these phases is represented by separable and identifiable values, and they then outline the values. For phase 1, the dominant value is self interest expressed in profit maximization which will have an overall good effect for society. Money and wealth are the most important goals of life. In phase 2, self interest is recognized, but that interest is expanded to include the interest of customers, employees, suppliers, owners, creditors, governments, and communities. Money is important, but so are people. Phase 3, quality of life management, recognizes the importance of self interest of individuals and groups, but goes beyond that to consider the interests of society.

The article has a very useful two page table of comparison of managerial values, social values, environmental values, and esthetic values.

It presents a very concise and readable delineation of the kinds of values that underlie the basic approaches to social responsibility.

Stone, Christopher D. "Corporate Social Responsibility and the Auto Industry." Proceedings of the Better Business Bureau, 1978, pp. 104-118.

This presentation by Stone capsulizes part of his argument in his book Where The Law Ends. He is trying to speak to what is wanted or called for when one talks about responsible action. He begins by talking about the inadequacy and ineffectiveness of the law in bringing about responsible behavior. The sanctions of the law are directed at individuals and not effectively at corporations, he argues. Fines are passed on to the shareholders, and it is seldom the case that criminal or civil liability is assessed against top executives. Also, the law operates after the fact--after somebody has been injured, and it is a very expensive and time consuming process. In

addition, new rules or regulations involve a time lag in their promulgation and putting them into operation. Finally, many problems are extremely complex and very difficult to deal with, with legislation which needs to be very specific and targeted.

Stone then goes on to try and address the specific question of what does corporate social responsibility mean. The content of what he is talking about requires reflection, perception, and consideration of the consequences of one's action. Basically, what he is calling for here is responsibility which involves decision and action, which lies outside the law. As Stone puts it "rather, we are concerned with responsibility in the sense that involves the quality of one's approach to behavior that lies outside the area of clearly defined rules, with emphasis on autonomous--albeit obviously culturally influenced--choice."

Stone goes on to talk further about corporate responsibility and introduces a theme that is important in any consideration of corporate responsibility, namely, the fact that corporations could not only avoid some of the government regulation if they would take leadership, but

that these very organizations are best equipped to perform the socially desired activity, such as improving workers' safety and to do so at a lower cost. In this way, all parties involved, business, the employees, and the consumer would be better off.

This article provides a clear, readable statement on the rationale for responsibility and a definition of what it means in the corporate setting.

WEEK 6 PERSONAL AND CORPORATE RESPONSIBILITY: How Do We Get It?

1 hr.

Purpose: In this final session, we want to focus on the choice between external and internal control. The group will try to identify self-regulatory mechanisms for both the individual and the corporation. The session will end with small group attempts to structure a "Credo" (referring back to the Johnson and Johnson credo introduced in the first session).

I. The Legal/Regulatory Alternative

A. Presentation of a specific regulatory plan for automobile design and manufacturing that parellels the structure developed by the Food and Drug Administration for pharmaceutical

companies (The plan could be applied to other industries as well, with some alteration.)

B. Discussion of the advantages and disadvantages of government control.

Break

II. Self-Regulating Mechanisms

Bureaucratic control is strongly criticized and some appeals are made for self-regulation by business.

15 min. The entire group will try to suggest mechanisms to increase self-control and assume the task of improving responsibility to the public.

III. Structuring a Credo

1 hr. Small groups will attempt to structure a one page statement on corporate responsibility.

Presentation to the whole seminar.

Assigned Readings:

Cushman, Robert. (President of Norton Co.) "Let's Put Our House in Order: A Businessman's Plea." Business and Society Review, No. 16 (1975-76), pp. 49-52.

In this article, the author recognizes that there are problems and abuses within the

business community and by people in business. He expresses shock at the silence from business leaders in the face of the revelation of wrongdoing on such a large scale in recent years. He argues that the most important step to improve the situation is the establishment by the leadership of top management of a clear statement of moral standards backed up by performance. He suggests specifically that the standards must be communicated throughout the organization, that a code must be enforced with disciplinary actions, up to and including dismissal, spelled out in detail.

Wilkems, Paul. "The Case for Ethical Absolutes." Business and Society Review, No. 13 (1975), pp. 61-63.

In this article Wilkems argues for absolutes in order to combat relativism. The most interesting part of this article is that he describes a process for developing the absolutes through three stages or levels:

1. Among like business organizations
2. Within business associations
3. Within major institutions, such as economic, political, and educational institutions

He describes an effort recently undertaken by the Council of Business Bureaus to develop a uniform code of ethics.

BUSINESS ETHICS ** SIX WEEK COURSE

Option B: Focus -- Financial Institutions and Social Responsibility

The term option is used to indicate that it is possible to organize a course on the six week pattern that fits particular segments of the business community. In each case, the focal issues selected would be representative of a range of issues common to the portion of the community being addressed.

In this Option, the issue of "redlining" and issuance of home mortgages will be the focal point. The selection is based on experience with presidents and vice-presidents of savings and loan associations. On two occasions, in a much briefer encounter than outlined here, 30-35 representatives from associations from throughout the United States have been present. The issue is also appropriate for officers of commercial banks, as they are highly involved in the mortgage market. There are implications, as well, for the insurance industry, especially on home and auto insurance, and for commercial banks and other lending institutions on personal loans.

Redlining is especially useful because there is a great deal of material available on it; it provides the vehicle for raising questions about the basic nature of financial institutions and their social responsibility; and analysis of the issue requires a discussion of social change.

A selected bibliography is appended.

WEEK 1 Ethics and Business

Same as in Option A, with the exception of II.C. Change doctrine of strict liability to discussion of social role of financial institutions as controllers of money. Section II is only introductory; an entire session will be devoted to the changed social climate later on.

WEEK 2 Redlining: The Accusations and the Defense.

This session will focus on the opposing viewpoints of those who challenge the role of the lending institutions and those who defend that role. It will show differing perspectives of social role and how that impacts on decisions.

WEEK 3 Societal Change

Redlining practices are often based on lending policies developed two and three decades ago and reflect a very different social reality than that we face today, especially in urban areas. The session moves in a way that the discussion shifts from attack and defense to focus on the basic reality, urban decay.

WEEK 4 Competing Responsibilities

This session considers fiduciary responsibility to the investor vs. the responsibility, by charter, to provide money for the housing market. This discussion

provides a useful forum for analyzing the nature of the obligation of the institution to its many constituents, including the community.

WEEK 5 Tale of Two Cities: Contrasting Responses

This session focuses on the differing response of lending institutions in two cities. In one case initiative was taken to work with other organizations to stem decay and accomplish renewal. In the second case, the institutions resisted all change, faced protest and the imposition of legal requirements, and then ended up conceding on all points--a very good example of the meaning of responsibility.

WEEK 6 What Should Lending Institutions Do Regarding Redlining?

This session will be devoted to the formulation of precise steps to be taken in dealing with urban decay. It is fully recognized that the institutions cannot do the job alone, but it is also recognized that the job will not be done without them. Various suggested programs will be examined with an eye to developing a draft outline of a workable program. The session will conclude with a final discussion and formulation of a statement of social responsibility vis-a-vis Redlining.

Selected Bibliography on Redlining

Cole, Dawn H. "Redlining in Mortgage Lending: California's Approach to Getting the Red Out." Pacific Law Journal, No. 2 (July 1977), pp. 669-740.

A thorough analysis of the status of the law in California, with good historical background and interpretation of problems and limitations of regulation of the practice of redlining. The treatment of "business necessity" as a defense raises interesting questions about the effectiveness of California's regulations (a number of states have passed laws on redlining in recent years).

Fahey, Noel. "Lending Discrimination? Look at the Facts." Savings and Loan News, Aug. 1976, pp. 60-64.

Fahey presents numerous figures to argue that it is a myth that lending institutions do not serve all income groups and geographic areas.

"How to Live with Loan Disclosures." Savings and Loan News, Aug. 1976, pp. 50-56.

Advice on how to cope with the Federal Home Mortgage Disclosure Act. Interesting concluding statement that good record

keeping might serve as basis to argue against renewal of the Act. Good article to include in discussion of what the responsibility of lending institutions should be.

Hutchins, Dexter. "Fuss develops over redlining by the S & L - but there's no rule against it." House and Home, Aug. 1974.

Pre-disclosure laws article. Interesting points that redlining is not against the law and interfering with management decisions, runs counter to existing philosophy of S and L regulations (p. 24).

Larson, Robert W. "Mortgage Banker Offers Guidelines for Inner-city 'Rebirth'." The Mortgage Banker, Dec. 1976.

President of a mortgage company offers a plan for encouraging lenders to go back into the cities to counter redlining. Article is excerpted from statement made to a House Committee in 1976.

"No Letup Seen in Community Activism Against Associations." Savings and Loan News, Dec. 1976, pp. 14-16.

Cites danger of more restrictive legislation and campaign to establish concept that mutual funding institutions belong only

to the community in which they are located.

Pfunder, Margaret S. "The Legality of Redlining Under The Civil Rights Laws." American University Law Review, Winter 1976, pp. 463-495.

"Redlining 'red herring'?" Savings and Loan News, Nov. 1976.

"Redlining Solution Requires Unified Approach," Mortgage Banker, Apr. 1977.

A very interesting proposal on a complex cooperative program to try to arrest the decline of cities and remove redlining. Prepared by a task force of the Mortgage Bankers Association of America. Traces multiple causes of decay and points to the necessity of cooperation by many agencies and varying levels of government.

"Risk vs. Discrimination in the Expansion of Urban Mortgage Lending." U.S. League of Savings Associations, Aprl 1977 (prepared by Brimmer and Company).

Thorough and balanced analysis of some of the causes of redlining, issues, and the role of lending institutions. It does not try to blame nor totally excuse lending institutions. A very

important resource for anyone examining redlining.

"U.S. Cong. Title III--Home Mortgage Disclosure Act of 1975, U.S. Code." Congressional and Administrative News. 94th Congress, 1st Session, 1975, Vol. 1, pp. 1124-1128.

Van Alstyne, Peter J. "Readlining-The Cure Worse Than the Illness." Journal of Contemporary Law, Spring 1977, pp. 264-277.

The author argues from the premise that "the overriding principle governing all mortgage loan decisions is the fiduciary responsibility to invest the saver's funds in a sound and prudent manner." He traces the multiple causes of redlining, naming at least six, and concludes by reviewing five objections of lending institutions to the Federal Home Mortgage Disclosure Act.

Alternative Patterns

The six week pattern is obviously only one of many possibilities. The material has been organized in sessions, to accomodate numerous variations in scheduling. The composition of the group, its geographic spread, normal travel patterns of participants, and the goals for the class, seminar, or workshop.

Some basic alternative patterns might include:

-- three one-day meetings, with two sessions per day

-- a single two to three day meeting in the nature of an off-site workshop

-- shorter programs based on selected portions of the syllabus as presented. For example, the program designed around the Pinto could be shortened by deleting the session on Cost-Benefit Analysis and Corporate Responsibility. This might be useful for a concentrated session with design engineers who were primarily concerned with their responsibility and problems in dealing with corporate structural realities.

-- If the purpose of a seminar was to develop the framework for a changed climate of decision-making, team-building, and basic introduction to ethics and business, it might be useful to choose only one or two of the sessions outlined to provide structure for a different kind of pattern.

NOTE: There are several examples of successful programs that have been used by single corporations for upper level management. Descriptions of these programs can be obtained. Such programs are based more on specific cases from the working lives of participants, the use of some video materials, and the contribution of leaders

to the program, than on resource materials described in course syllabi. It was not deemed appropriate to include an outline for this type of program here.

V. 1979 SUMMER INSTITUTE ON ETHICAL ISSUES IN THE MANAGEMENT OF PUBLIC AND PRIVATE INSTITUTIONS

Society for Values in Higher Education
Yale School of Organization and Management
Summer Institute Staff

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1979 SUMMER INSTITUTE ON ETHICAL ISSUES IN THE MANAGEMENT OF PUBLIC AND PRIVATE INSTITUTIONS

A. Introduction

The 1979 Institute, like its 1978 predecessor, was designed to achieve two inter-related goals: 1) to contribute to the improvement of the teaching of ethics in management training programs and 2) to examine ways in which managers might more effectively integrate ethical criteria into their decisions and functions. As a "model syllabus", either of these goals might be emphasized. That is, the Institute format could be replicated with a primary focus upon pedagogical issues for teachers, or it might be adapted to other formats--such as in-house corporate training or semester long graduate management courses--with a focus upon communicating content and skills to decision makers. In the actual Institute experience, a diverse group of teachers from public policy, business administration, and undergraduate programs in ethics joined with managers from private enterprise, public management, and higher education.

B. Institute Design

The overall design mirrors the process of ethical managerial judgment: imaginative recognition of moral issues, ordering and analysis of

these issues, decisive judgment, and articulate justification.

(1) Orientation to Ethics for Managers and to Management for Ethicists

A two day orientation served to introduce participants to one another's disciplines and, thereby, to encourage recognition of ethical issues in managerial decisions. Ethicists often have little knowledge of managerial principles, while managers and teachers of management find the "vocabulary" of ethics unfamiliar. In the orientation, two classic cases developed by the Yale School of Organization and Management, "Winchester" and "City of New Haven", were used to introduce both ethical and managerial concepts. A management teacher first assisted the group in clarifying the financial and other managerial issues facing Winchester's management as it contemplates leaving New Haven. A second session, led by an ethicist, then reviewed the case with a more direct focus on its ethical dimensions. Discussion centered on various ways ethical categories might come to bear upon managerial decisions, and the problems with each approach. Finally, the two faculty jointly led a discussion of

the "City" response to the threatened departure of Winchester, focusing again on relocation through a more active dialogue about both managerial and ethical issues.

(2) Working Groups

The central core of the Institute (six days) comprised five individual working groups whose foci were particular clusters of problems in managerial ethics and certain "middle range" ethical concepts related to these problems. "Middle range" concepts are those which aid the linkage of more abstract normative concepts (liberty, justice, et.al.) and specific applications to management situations. These groups provided opportunity for participants to develop facility in ordering and analyzing ethical issues in managerial contexts while limiting the range of issues considered. A brief description of the group topics follows. (Detailed syllabi for each working group may be found in the Appendix.)

I. Participation and Authority in Decision Structures (Barbara Ley Toffler, Convener)

What are the appropriate mixes of administrative authority and constituent/

lower echelon participation in various types of institutions? How are effectiveness and productivity judgments about the issue related to ethical criteria? The emergence of this problem in such areas as shareholder "democracy", accountability of public agencies, and the governance of higher education illustrates its relevance.

II. The Dilemma of Paternalism in Exercising Social Responsibility (Charles W. Powers, Convener)

Should a manager or institution impose values on others? When is it legitimate for government to impinge upon individual liberty on behalf of those whose liberty is limited? What sorts of judgments ought management to make about employee needs and wants in developing fringe benefits or about consumer desires in planning marketing programs? This classical problem of balancing respect for individual autonomy with a commitment to the other's welfare is an acute one for the ethically sensitive manager.

III. Coercion and Control in Public and Private Sector Relationships (David E. Price, Convener)

In what kinds of cases should government impose its perception of public values on private organizations? How ought controlling power to be distributed among levels and types of public agencies? Is regulatory coercion the best way to control private institutions on behalf of public good? In what ways does the power of corporations amount to coercion, and what constitutes the legitimate exercise of such power? Issues here center around the exercise of institutional power in both public and private sectors.

IV. Competing Claims for Managerial Action (Jon Gunnemann, Convener)

How does a manager decide whose claims come first: the customers', shareholders', the spirit of the law, the employees'? Does it depend upon the case in question? What ethical resources might aid managers in

resolving such claims responsibly?

V. Personal Integrity in Organizational Roles (Stanley Hauerwas, Convener)

At what points in a manager's responsibilities do and should issues of conscience arise? What resources are available within institutions to resolve difficult ethical issues? which confront individuals? What can professional ethicists contribute to the analysis and range of solutions to these difficult problems?

(3) Major Case Study

After six days of intensive focus in the working groups, Institute participants came together to address a single, complex case study which called upon the conceptual resources of all five groups. Written for the Institute by Professor Larry Isaacson, of the School of Organization and Management, with the assistance of Ms. Vicki Van Steenberg, "Mackenzie Valley Pipeline" involves proposals by two companies to build a gas pipeline from the Artic to Southern Canada and focuses upon problems of potential disruption of native Indian communities by construction. The purpose of the case analysis at this stage

of the Institute was to offer an opportunity for decisive judgment in a complex situation which called for integrating the various perspectives of the working groups, as well as to provide a realistic context for articulating morally persuasive reasons for the path chosen.

The process called for each of three pre-assigned institutional groups--representing the two business concerns and a government agency--to prepare and present testimony before an official Commissioner who, in the actual situation, held hearings pursuant to recommending appropriate action by the Canadian government. Based upon prior testimony included in the case, the three groups were asked specifically to address the problem of disrupting native American communities. Two intensive days were devoted to the "Mackenzie Case, beginning with a plenary discussion to build a common data base from the complex financial and technical details in the case. The Institutional Groups then began to work on identifying issues and possible alternative proposals for their testimony, working in pre-assigned small

task forces, with one person from each of the Working Groups. An entire morning was devoted to hearing testimony, with "cross-examination" by representatives of the other two groups in lieu of a commissioner. Institute staff then initiated a reflective assessment of the testimony in a plenary discussion, followed by discussions in the original working groups.

A final day was devoted to overall evaluation of the Institute and discussion of directions for future work.

C. Evaluation

General participant response to the 1979 Institute was positive. On a rating scale of (1) "not useful", (4) "somewhat useful", (7) "extremely useful", the mean response was 5.74, and 58% of respondents checked 6 or 7. More specific evaluative questions related to working groups and particular Institute goals followed a generally similar pattern.

The orientation session fostered some dissatisfaction rooted in an important pedagogical question. The orientation case discussions approached ethics "inductively" and in case-specific

ways. Some participants voiced a concern for more clarity and "bearings" in understanding ethics. The underlying pedagogical issue is whether applied ethics is best apprehended by beginning with "ethical theory" and moving into situations or by moving into ethical concepts out of the tension created when an awareness of ethical complexity is generated by a case. The alternatives are seldom this stark, of course, and the orientation did not embody a "pure" example of the latter approach. Nevertheless, use of this model does necessitate careful consideration of what should and what should not be attempted in the orientation. Subsequent discussions among Institute staff suggested that, in similar contexts, a blending of the alternatives is possible by combining the 1979 approach--perhaps with less complicated cases--with advanced readings on such topics as the problem of building normative reasoning into management decisions, a short introduction to ethics, and a basic orientation to management and management concepts. If a stimulating lecturer is available, an evening speech on ethics and management might also contribute to participants' initial understanding.

Case studies were used not only in the plenary

sessions but also in each working group. In all groups, a School of Organization and Management faculty member led at least one case discussion, using cases chosen for their relevance to the group topic. These cases served to focus a group's conceptual work on concrete problems in a way which could increase facility in applying the group's concept and enhance conceptual clarity. In addition, some conveners solicited cases relevant to their group's topic from participants, and in many instances, these cases proved quite useful. When participants are experienced practioners, their knowledge of actual ethical managerial dilemmas appears to enhance the group's work.

The use of middle-range concepts--appearing here in separate working groups, but also appropriate as topics in a single course--proved to be a useful organizing principle for approaching ethics in management. The outside evaluator, Thomas Ogletree, has noted that the concepts employed here exhibit three distinctive approaches. "Participation and Authority", "Paternalism", and "Competing Claims" all focus upon managerial decision-making and the ethical constraints which enter those decisions. By contrast, "Coercion and

Control" represents a distancing from decision making to focus upon what Ogletree terms "the moral ethos of the greater American community". To be sure, the former groups also deal with more analytic, theoretical material abstracted from decision situations, and the latter moves from general historical and theoretical considerations to specific problems. But the foci are distinctive. Finally, the "Personal Integrity" group focuses upon the nature of the self as a moral actor, that is, upon personal integrity as a prerequisite to morality in managerial decisions. These "categories" may assist further conceptualizing and ordering of other middle-range concepts useful in managerial ethics. A number of additional ones have been suggested: responsibility, the rule of law, the public good, cross-cultural value conflicts, public-private sector distinctions, and moral tragedy and the limits of managerial competence.

Finally, it should be noted that the major case study was relatively effective in simulating a managerial decision process and providing experience in ethical judgment in such a process. Time constraints and strong group identification added dimensions of reality, while subsequent discussions by staff and working groups were a

realistic avenue for more critical reflection by managers--that is, retrospective analysis becomes an important tool for improving decision making capacity. Choice of a case depends upon the format and participants. "Mackenzie" is useful for ethical issues in public-private management interactions, but less complex cases which focus on macro-policy issues may be more useful for developing capacity to exercise moral reasoning and ethical concept application, especially if participants come from only one sector. It may also be helpful to use a case first in the orientation and then return to it at the end.

Appendix

1979 SUMMER INSTITUTE ON ETHICAL ISSUES IN THE MANAGEMENT OF PUBLIC AND PRIVATE INSTITUTIONS

I. PARTICIPATION AND AUTHORITY IN DECISION STRUCTURES (Barbara Ley Toffler, Convener)

Day 1:

The Basics: Personal, Ethical, Philosophical Principles

A. Preparation of eight management decision cases (pre-assigned)

B. Frankena, William K. "Deontological Theories." In his Ethics. 2nd ed. Englewood Cliffs, N.J.: Prentice-Hall, 1973, pp. 14-17 & 23-30.

C. Taylor, Paul. "Utilitarianism." In his Principles of Ethics: An Introduction. Encino, Calif.: Dickenson Publishing Company, Inc., 1975.

D. Mill, John Stuart. "On Liberty." In Selected Writings of John Stuart Mill. Ed. Maurice Cowling. New York: The New American Library, 1968.

E. Berlin, Isaiah. "Two Concepts of Liberty." In Four Essays on Liberty. New York: Oxford University Press, 1969.

Day 2:

Liberty, Freedom and Rights: Moving the Abstract into the Organizational Setting

A. Feinberg, Joel. "Rights." In his Social Philosophy. Englewood Cliffs, N.J.: Prentice-Hall, 1973.

B. Downie, R.S., and Elizabeth Telfon. Respect for Persons. London: Allen and Unwin, 1969, chaps. 1 & 2.

C. Dewey, John. "Philosophies of Freedom." In Freedom in the Modern World. Ed. Horace Kallen. New York, 1928, pp. 236-271.

D. Simon, Herbert A. Administrative Behavior. New York: The Free Press, 1957, selections.

E. Weick, Karl. The Social Psychology of Organizing. Reading, Mass.: Addison-Wesley, 1969, selections.

F. White, Ralph, and Ronald Lippitt. "Leader Behavior and Member Reaction in Three 'Social Climates.'" In Group Dynamics. Ed. D. Cartwright, and A. Zander. New York: Harper and Row, 1968.

G. Vroom, Victor H., and Philip W. Yetton. "A New Look at Managerial Decision-Making." In Leadership and Decision-Making. Pittsburgh: University of Pittsburgh Press, 1973.

Day 3:

The Realities of Decision-Making: Authority, Power and Democracy

(Participants were asked to skim the "method" and "results" sections of articles A-E, concentrating on the "introduction" and "discussion.")

A. Miller, George A. "The Magical Number Seven: Plus or Minus Two: Some Limits on Our Capacity for Processing Information." The Psychological Review, 63, No. 2 (1956), pp. 81-97.

B. Schoner, Bertram, Gerald L. Rose, and G.C. Hoyt. "Quality of Decisions: Individuals versus Real and Synthetic Groups." Journal of Applied Psychology, 59, No. 4 (1974), pp. 424-432.

(Participants were asked to read at least one of the following three articles. They each deal with some aspect of power and conflict in group decision-making.)

C. Guetzkow, Harold, and John Gyr. "An Analysis of Conflict in Decision-Making Groups." Human Relations, 7 (1954), pp. 367-382.

D. Bridges, Edwin M., Wayne J. Doyle, and David J. Mahan. "Effects of Hierarchical Differentiation on Group Productivity, Efficiency, and Risk-Taking." Administrative Science Quarterly, 13 (1968), pp. 305-319.

E. Wood, Michael T. "Power Relationships and Group Decision-Making in Organizations. Psychological Bulletin, 79, No. 5 (1973), pp. 280-293.

F. Weber, Max. "On the Nature of Charismatic Authority." In Wirtschaft und Gesellschaft, Pt. III, chap. 9.

G. French, John R.P., Jr., and Bertram H. Raven. "The Social Bases of Power." In Groups and Organizations. Ed. Hinton and Reitz. Belmont, Calif.: Wadsworth, 1971, pp. 190-197.

H. Dornbusch, Sanford M., and W. Richard Scott. Evaluation and the Exercise of Authority. San Francisco: Jossey-Bass, 1975, chap. 2.

I. Dahl, Robert A. After the Revolution. New Haven: Yale University Press, 1970. (pre-assigned)

Day 4:

Making a Decision: The Individual vs. The Organization

A. Ewing, David W. Freedom Inside the Organization. New York: E.P. Dutton, 1977, selections.

B. Walzer, Michael. Obligations: Essays on Disobedience, War, and Citizenship. New York: Simon and Schuster, 1970, chaps. 1-3.

C. Prepare "Webster Industries A." Harvard, Case # 9-476-110.

Day 5:

Making a Decision: The Community vs. Society

Prepare "Ocean Hill-Brownsville Case." (materials assembled at Yale School of Organization and Management)

Day 6:

The dilemma of Participation and Authority in Decision-Making: A Resolution?

Walzer, Michael. "A Day in the Life of a Socialist Citizen." In his Obligations: Essays on Disobedience, War, and Citizenship. New York: Simon and Schuster, 1970, pp. 229-238.

II. THE DILEMMA OF PATERNALISM IN EXERCISING SOCIAL RESPONSIBILITY (Charles Powers, Convener)

Day 1:

Who Shall Parent and Why? The Family as the Genesis of the Concept of Paternalism

"Who Shall Live?" a Kennedy Foundation film

"Advertising for Children"--a case study led by Steve Permut, Yale School of Organization and Management

Background reading:

A. Mill, J.S. "On Liberty." (see above)

B. Dworkin, Ronald. "Paternalism." In Morality and the Law. Ed. Richard Wasserstrom.

C. MacLagan, W.G. "Respect for Persons as a Moral Principle - II." Philosophy, 35 (1960), pp. 289-305.

D. Gustafson, J. "Mongolism, Parental Desires and the Right to Life." Perspective in Biology and Medicine, 16, No. 4 (1973), pp. 529-557.

Day 2:

Paternalism and Intervention: Understanding and Justifying

A. Powers, Charles W. "Understanding and Justifying Intervention." unpublished paper.

B. Gert, Bernard, and Charles M. Culver. "The Justification of Paternalism." Ethics (January 1979), pp. 199-210.

C. _____. "Paternalistic Behavior." Philosophy and Public Affairs (1976), pp. 45-57.

D. Participant Cases

Day 3:

Paternalism and Intervention: Inside the Organization

A. Alcoholism Rehabilitation--a case

B. Jenkins, Iredell. "From Natural to Human to Legal Rights." Amphitol.

C. Ewing, David. Freedom Inside the Organization. New York: E.P. Dutton, 1977.

D. Schacht, Henry B. "Individual Rights in the Corporation." (unpublished speech)

Day 4:

Paternalism and State Authority

A. Donaldson, Thomas. "Case Study--Laetrile: The FDA and Society." In Ethical Issues in Business: A Philosophical Approach. Ed. Thomas Donaldson and Patricia Werhane. Englewood Cliffs, N.J.: Prentice-Hall, 1979.

B. The FDA and the Pill (case materials assembled by Charles W. Powers)

C. Friedman, Milton. Capitalism and Freedom. Chicago: University of Chicago Press, 1962.

D. Calabresi, Guido. "Free Choice and Risk Taking." The Cost of Accidents. New Haven: Yale University Press, 1972.

Day 5:

Paternalism, Intervention, and Markets

A. Infant Milk Formula--The Nestle's Case

B. Brozen, Yale. "The Ethical Consequences of Alternative Systems." In Can the Market Sustain an Ethic? Chicago: University of Chicago Press, 1978.

C. Powers, Charles W. "An Assessment of the Questions We Ask of Economic Systems." In Can the Masket Sustain an Ethic? Chicago: University of Chicago Press, 1978.

Day 6:

Paternalism and Intervention in Managerial Judgments

A. Etzioni, Amita. "The Specification of Societal Commitments and Decisions." The Active Society. New York: The Free Press, 1968.

B. Powers, Charles W. "Lowest Total Social Cost: Third World Poverty and Multinational

Corporate Responsibility." (unpublished paper)

C. Simon, John G., Charles W. Powers, and Jon Gunnemann. "The Responsibilities of Corporations and their Owners." In their The Ethical Investor. New Haven: Yale University Press, 1972.

D. Berger, Peter. "A Tale of Two Moralities." In his Pyramids of Sacrifice. New York: Anchor Books, 1976.

III. COERCION AND CONTROL IN PUBLIC AND PRIVATE SECTOR RELATIONSHIPS (David Price, Convener)

Day 1:

The Problematic Place of Political Power in Liberal Political Culture

A. Bailyn, Bernard. The Ideological Origins of the American Revolution. Cambridge, Mass.: Harvard University Press, 1967, chap. 3.

B. The Federalist, nos. 9, 10, 15, and 51.

Day 2:

Liberty, Coercion, and Their Relationship: Conceptual Considerations

A. Berlin, Isaiah. "Two Concepts of Liberty." In his Four Essays on Liberty. New York: Oxford University Press, 1969.

B. Macpherson, C.B. Democratic Theory: Essays in Retrieval. New York: Oxford University Press, 1973, chaps. 5 & 7.

C. Held, Virginia. "Coercion and Coercive Offers." In Coercion: Nomos XIV. Ed. J. Roland Pennock and John Chapman, chap. 4.

Day 3:

Case on Intergovernmental Control: HEW vs. UNC

A. Adams vs. Califano Case Study (unpublished materials)

B. State of North Carolina vs. Department of HEW (U.S. District Court, Eastern District of North Carolina, 1979), excerpts from:

Plaintiffs' complaint

Brief in support of plaintiffs' complaint

Defendants' memorandum in opposition to plaintiffs' motion

Plaintiffs' reply to defendants' memorandum

Day 4:

Coercion and the Realization of "Collective" Goods

A. Olson, Mancur. The Logic of Collective Action. Cambridge, Mass.: Harvard University Press, 1971, chaps. 1, 3 & 5.

B. Hardin, Garret. "The Tragedy of the Commons." Science, 162 (1968), pp. 1243-1248.

Day 5:

Coercion and Coercive Offers in Policy Implementation

A. Schultze, Charles I. The Public Use of Private Interest. Washington, D.C.: The Brookings Institution, 1977.

Day 6:

Case on Public-Private Sector Control: Air Pollution

A. Senator Muskie and the 1970 Amendments to the Clean Air Act. Washington, D.C.: The Kennedy School of Government, case #C94-76-140.

IV. COMPETING CLAIMS FOR MANAGERIAL ACTION
(Jon Gunnemann, Convener)

Day 1:

Claims, Rights, Privileges, and Duties

A. Dyck, Arthur J. On Human Care. Nashville: Abingdon Press, 1977, chaps. 1 & 3.

B. Feinberg, Joel. Social Philosophy. Englewood Cliffs, N.J.: Prentice-Hall, 1973, chaps. 4-6.

Day 2:

A. The Pennsylvania Blue Shield 1972 Rate Increase Controversy. Cambridge, Mass.:

Harvard Business School, case #9-374-181. (taught by Dennis Perkins)

Day 3:

Competing Claims and Justice

A. Rawls, John. "A Theory of Justice." In Justice and Economic Distribution. Ed. John Arthur and William H. Shaw. Englewood Cliffs, N.J.: Prentice-Hall, 1978.

B. Feinberg, Social Philosophy, chap. 7.

C. Dyck, On Human Care, chap. 7 (scan)

Day 4:

Competing Claims, Duties, and Moral Responsibility

A. Simon, John G. et al. The Ethical Investor. New Haven: Yale University Press, 1972. chap. 2.

B. Stone, Christopher D. Where the Law Ends. New York: Harper and Row, 1975, chap. 3, pp. 74-121.

C. Lindblom, Charles E. Politics and Markets. New York: Basic Books, 1977, pp. 170-188.

D. Dyck, On Human Care, chap. 8.

Day 5:

Competing Claims and the Formulation of Policy

A. Berger, Peter. Pyramids of Sacrifice. New York: Anchor Books, 1976, chaps. 5 & 6.

B. Powers, Charles W. "Lowest Total Cost: Multinational Corporate Responsibility in the Third World." (unpublished paper)

C. Gunnemann, Jon P. "Summary and Analysis." In The Nation-State and Transnational Corporations in Conflict. Ed. Jon P. Gunnemann. New York: Praeger, 1975.

Day 6:

A. Polaroid in South Africa. Cambridge, Mass.: Harvard Business School, cases $ 9-372-624 and # 9-372-625. (taught by Dennis Perkins)

V. PERSONAL INTEGRITY IN ORGANIZATIONAL ROLES (Stanley Hauerwas, Convener)

Advance Reading:

Smart, J.J.C. and Bernard Williams. Utilitarianism: For and Against. London: Cambridge University Press, 1973.

Williams, Bernard. Morality: An Introduction to Ethics. New York: Harper and Row, 1972.

Niebuhr, Reinhold. Moral Man and Immoral Society. New York: Charles Scribner's Sons, 1932.

Day 1:

What is Integrity?

A. Bolt, Robert. A Man for All Seasons. New York: Random House, 1962.

B. Hauerwas, Stanley, and Thomas L. Shafer. "Hope Faces Power: Thomas More and the King of England." Soundings, 61 , No. 4 (1978).

C. Winch, Peter. "Moral Integrity." In his Ethics and Action. London: Routledge and Kegan Paul, 1972.

D. Norton, David L. "The Ethical Priority of Self Actualization." In his Personal Destinies. Princeton: Princeton University Press, 1976.

Day 2:

How Do We Acquire Integrity?

A. Kohlberg, Lawrence. "Education for Justice: A Modern Statement of the Platonic View." In Moral Education. Ed. Nancy F. and Theodore Sizer. Cambridge, Mass.: Harvard University Press, 1970.

B. Dworkin, Gerald. "Moral Autonomy." In Morals, Science and Sociality. Ed. H. Tristram Englehardt and Daniel Callahan. Hastings-on-Hudson, New York: Institute of Society, Ethics and the Life Sciences, 1978.

C. Murdock, Iris. "The Idea of Perfection." In her The Sovereignty of Good. London: Routledge and Kegan Paul, 1970.

D. Hauerwas, Stanley. "Character, Narrative, and Growth in the Christian Life." (unpublished paper)

Day 3:

The Social Context of Integrity

A. "Complex Assembly Corporation." Yale School of Organization and Management Case Study.

B. Franck, Thomas, and Edward Weisbond. Congress and the Concept of Ethical Autonomy." In Private and Public Ethics. Ed. Donald G. Jones. New York: The Edward Mellen Press, 1978.

C. Rubenstein, Richard. "Reflection on the Holocaust." In Private and Public Ethics.

D. Wolf, Frank. "Federal Regulation, the Adversary System and Misrepresentation: The WPIX Case." In Private and Public Ethics.

E. Janeway, Elizabeth. "The Power Relationship: The View from Below." In Private and Public Ethics.

Day 4:

Public and Private Morality: Is Integrity Enough?

A. Niebuhr, Reinhold. "Ethics and Power Politics." In Private and Public Ethics.

B. Little, David. "Duties of Station vs. Duties of Conscience: Are There Two Moralities?" In Private and Public Ethics.

C. Long, Edward Leroy Jr. "The Social Roles of the Moral Self." In Private and Public Ethics.

D. Hampshire, Stuart et al. Essays in Public and Private Morality. London: Cambridge University Press, 1978.

Day 5:

Conscience, Conflicts, and the Problem of Dirty Hands

A. Hare, R.M. "Rules of War and Moral Reasoning." In War and Moral Responsibility. Ed. Marshall Cohen et al. Princeton: Princeton University Press, 1974.

B. Walzer, Michael. "Political Action: The Problem of Dirty Hands." In Private and Public Ethics.

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